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# **West Europe Report**



**FOREIGN BROADCAST INFORMATION SERVICE**

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1 November 1984

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## SDP'S BUDTZ STEPPING UP DRIVE AGAINST NUCLEAR ARMS IN DENMARK

Copenhagen INFORMATION in Danish 4 Oct 84 p 4

[Article by Jørgen Dragsdahl]

[Text] As soon as possible, the Folketing should adopt a proposal to the effect that the government work for Danish freedom of nuclear arms in order for the panel of officials working on the security policy report as well as the subsequent parliamentary discussion to be provided with a clear and concise basis.

This statement was made by the security policy spokesman of the Social Democratic Party, Lasse Budtz, who, with this standpoint, places himself in opposition to certain members of his own group, the so-called "Custodians." Last Tuesday, the group had a discussion on the issue, which did not result in any adoptions, but sources within the group concluded afterwards that it was generally felt that the Social Democratic Party should not present any security policy proposals until the so-called Dyvig panel had completed its work.

Anker Jørgensen has held the opposite position, and sources within the group regard the showdown as a move directed both against the chairmanship of Anker Jørgensen and Lasse Budtz' continued position as security policy spokesman of the party.

Lasse Budtz did not participate in the debate of the group as he was in Strasbourg, where he participated in the meeting of the European Parliament. INFORMATION talked to him last Monday on the basis of last week's vehement charges against his person and indications that neither the Radical Liberal Party nor the right wing of the Social Democratic group will support any move in the Folketing at present. It has not been possible to get any comments from Lasse Budtz on the most recent developments.

#### New Signals from Government

Last Thursday, the chairman of the Socialist People's Party, Gert Petersen, stated in INFORMATION that the Folketing ought to "establish" that Denmark is free of nuclear weapons in times of peace, crisis, and war. He found it inadequate to merely ask the government to "work actively" for this objective. The government has shown in practice that it ignores such requests. Budtz does not quite share the position of Gert Petersen:

"If we consider the entire period during which this peculiar situation has existed, it becomes evident that the government clearly has not worked actively for Danish freedom of nuclear weapons in times of peace, crisis, and war. The government has even demonstrated that it did not want to work actively for it. However, most recently, the government has moved slightly in the direction of our viewpoints. This was reflected, among other things, in conjunction with the preparatory work prior to the General Assembly of the United Nations. We can expect the presentation of a number of draft resolutions which will closely resemble the draft resolution which we adopted on 3 May. The government must act in accordance with the resolution when the contents of the resolutions is fundamentally the same, and it has apparently understood that."

[Question] Will that mean that the government this year will vote for a resolution opposing a first-time use of nuclear weapons even if it did not do so last year?

[Answer] Yes, I definitely expect that it will, for that is what it says in the draft resolution.

#### Responsibility of Group

[Question] Is it in the present situation enough to have a new draft resolution in the Folketing, requesting the government to work actively for Denmark's freedom of nuclear weapons in times of peace, crisis, and war?

[Answer] The wording of a draft resolution introduced in a foreign policy and security policy debate fairly soon after the opening of the Folketing will, of course, not have been presented to our group yet. I should like very much to point out that the Folketing decides the matter. However, if it is up to me, the resolution will be a carbon copy of the wording adopted by the party congress in its work program. That is to say that the majority of the Folketing states that it must be Denmark's task to work actively for Denmark to remain free of nuclear weapons in times of peace, crisis, and war.

I find it hard to see that anybody can vote against such a draft resolution. Working for Denmark to remain free of nuclear weapons is a step which is not definitive, unfortunately. I would have liked to see that it become more definitive, but I recognize the political realities. We have to work further toward a situation where we can make sure that Denmark will not get any nuclear weapons under any circumstances. I simply cannot imagine that the Radical Liberals will not vote for it. But I also find it difficult to see how the government parties can avoid voting for it. How can anybody vote against a draft resolution which states that we have to work for Denmark to remain free of nuclear weapons? Can anybody imagine that one voluntarily causes nuclear weapons to explode on Danish soil? That will mean Denmark's immediate destruction.

#### Vacillating Radical Liberals

[Question] According to prominent Radical Liberals, the party will not vote for the resolution because they want to await the report of the panel of civil servants.



[Answer] In negotiations with the leadership of my party I have predicted that the vacillating Radical Liberal Party would also be vacillating in the security policy area. However, it cannot be true that, on this matter, they will not cast a vote in favor, for it is because the panel was set up that the fundamental line will have to be laid down now. It must form a clear and concise basis for the work of the committee and the parliamentary work on the report of the panel. That is why it has got to be established now.

[Question] Why have you had doubts about the position of the Radical Liberal Party since this security policy objective has been their objective for many years?

[Answer] For the simple reason, unfortunately, that I do not trust the Radical Liberal Party politically. To them, it is more important to maintain a reactionarily controlled government than giving Denmark the right security policy.

[Question] However, the Radical Liberal Party claims that you merely want to give the government a hard time now because you yourselves could have carried through this policy at an earlier time?

[Answer] The Radical Liberals do not know what they are talking about. It is a historical fact that what is happening now is the result of the work which was started in the spring of 1979. At the time, the discussion of the two-track NATO decision was started, and the Social Democratic government said along with other governments within NATO that negotiations should be offered to the other side in conjunction with the deployment of Western missiles. The development which has taken place since then in the security policy of the Social Democratic Party is quite natural.

However, the Radical Liberal Party has, as usual, become afraid because the situation is coming to a head. If they really do not want to vote together with us, it will bring its own punishment. They will soon get to feel the consequences among their voters. If the Radical Liberal Party backs out, this will reflect an incredible lack of credibility. For the very reason that this position ought to form the basis of the work of the panel.

[Question] What has changed since the spring when you could not agree to the wordings which you now propose and which the Radical Liberals have previously wanted?

[Answer] We have proceeded with extreme caution because we did not want to create an artificial situation. We find these security policy issues to be far, far too serious to be reduced to domestic policy squabble. The issue regarding the use of nuclear weapons on Danish soil, of course, cannot be referred to as a joke against the government. It is a far too serious issue. The charge by the nonsocialist press, which, unfortunately, accounts for 95 percent of our entire press, that it is a question of mere tactics on our part is ludicrous. We have discussed this subject very carefully. It has gone through the Folketing group. It has gone through the executive committee. It has gone through the party's foreign policy committee. It has gone through the party congress. It quite simply is a question of Denmark's possibilities of pursuing the right, honest survival policy, also in a crisis situation.

It is an insult to maintain that this completely honestly prepared democratic policy would have anything to do with mere tactics. It is an insult, and we really do not want to listen to it anymore. We do not intend to pay any attention to it any longer.

I cannot believe that there would be any of the so-called "custodians," of whom we, of course, do not have many in the party, who would not know that it is here a question of a position which has been arrived at in a completely democratic way and which we naturally cannot run away from at the first opportunity.

[Question] Gert Petersen of the Socialist People's Party wants the Folketing to establish that Denmark is a country free of nuclear weapons. On the basis of what you are saying, would this then not be a natural thing?

[Answer] I quite understand his position, but I also understand that he nevertheless recognizes the fact that this is such a serious development that he will appreciate it that one ought to proceed gradually. I strongly warn against any rash decisions, and I want to draw the attention to Churchill's statement, which was subsequently repeated by Anker Jørgensen in the same context: "A convoy can only proceed as fast as its slowest vessel." We must carry through a development which is based on the greatest possible support among the people.

Nor should we make any rash decisions which may be misinterpreted. One of such misinterpretations which still appears for political reasons and, in particular, in irresponsible morning papers, such as JYLLANDSPOSTEN, is the charge against us that the Social Democratic Party wants for Denmark to withdraw from NATO and for Denmark to pursue a policy of neutrality. That is not what we want.

[Question] One of the "custodians," Jens Riisgaard Knudsen, has supported the line of the Radical Liberal Party, saying that, for technical reasons, one ought to await the report of the Dyvig panel?

[Answer] On this point I merely want to say that I do not carry on a discussion with Jens Riisgaard Knudsen in INFORMATION.

[Question] However, there are conflicting signals from the party. Does it further the confidence that your policy is well prepared?

[Answer] Our policy is based on very thorough studies, and I do not know of any opposition to it within the party. The resolution that we work for Denmark's freedom from nuclear weapons was not only adopted by the foreign policy committee of the party, where both Poul Søgaard and Robert Pedersen voted for this wording. We had also people from Social Democratic Youth and Social Democrats against Nuclear Weapons and Militarism. There were no votes against it within the executive committee. It was adopted at the party congress with acclamation. Not a single delegate voted against it. We cannot, of course, shortly afterwards change our security policy platform. Critics, if any, must know that if we do not ourselves propose such a wording, others will do it. Why should we not then propose something ourselves on which our competent bodies agree. Especially because it is an extremely important prerequisite of the work which will subsequently have to take place within the Dyvig panel.

## Dyvig Panel

[Question] What will that panel and the subsequent parliamentary work on the report be used for?

[Answer] Two things. One has to find out how to carry into effect the content of the various resolutions. Moreover, it may serve to establish the areas on which the Social Democratic Party and the nonsocialists agree. I do not believe that we shall be able to come to an agreement on a joint security policy. I do not even know whether that would be the right thing. In order for us to agree, the Social Democratic Party would have to yield on a large number of issues. I do not believe that the Social Democratic Party will want to do that, and I honestly believe that the Social Democratic Party should not do it either. Nor do I believe that the coalition parties will do it or can do it. But let us say if, in theory, there are ten crucial issues under the security policy which we have to discuss, it will be excellent if we find that we, for example, can agree on seven of those issues. And I feel that there are signals from the new chairman of the Liberal Party as well as from the prime minister to that effect. They are on their way in the direction which we have indicated.

## Doubts Wisdom of Panel

If they have in mind to use the report of the panel of civil servants, the recommendations and wisdom of which I am not too sure about, to reach a compromise on the security policy, they are mistaken. In my opinion, the Social Democratic Party cannot yield to the extent that Uffe Ellemann-Jensen would like for it to do.

[Question] Why do you doubt the wisdom and recommendations of the Dyvig panel?

[Answer] Because I know the members of the panel. I have had the pleasure of discussing things with all of its members. I know their positions. Therefore, if they have not been asked by the government to take a certain political line, I cannot imagine that they will be able to produce anything which we do not know ahead of time and have heard numerous times.

The solution to the problem recommended by the Social Democratic Party-- establishment of a Nordic nuclear-free zone--is the best solution for several reasons. First, the establishment of a Nordic zone means that larger areas than Denmark will be included. Second, this may prompt developments in other countries, such as the Balkans. To this comes that if we get a Nordic zone, we may be able to arrange some areas around the zone from which some nuclear weapons are removed. The Russians have been ready to discuss this. That will be one of the things which we shall take up when visiting Moscow on 16 October. The problem becomes even more topical now that the nuclear arms issue is rapidly approaching the Nordic area. Among other things, because the Americans have stated that nuclear arms will be placed on warships which will be cruising the area on a permanent basis.

[Question] Supposing a Nordic zone is established, then it will be clear that Denmark and Norway will have to depart from the nuclear arms strategy of NATO. For that reason, we shall also have to leave the nuclear planning group NPC, which I, in no way, consider a loss. Our influence has, naturally, been greater through our participation but it has still been extremely limited. Making it a

Nordic action rather than a separate Danish withdrawal from the nuclear planning of NATO would be a more pleasant solution for all of us. It will be less apt to produce crises if we do it in the Nordic context. However, I would not, of course, rule out that if we are unable to get anywhere in the coming years, the isolated Danish withdrawal may become necessary.

[Question] Do we get into conflict with Danish participation in NATO's integrated military cooperation seeing that nuclear weapons do not, of course, constitute an isolated part of the military planning?

[Answer] I cannot understand why people who work seriously with the issue have not realized long ago that nuclear weapons cannot be employed in Denmark, and that is why we may as well have it established. If one accepts that nuclear weapons can be used in Denmark, one ought to seek a psychiatrist.

We shall still be able to continue in the unitary command. Opponents of the Danish disarmament policy will have to recognize that. It is quite logically in the interest of the United States that we remain in NATO even if we reject the use of nuclear weapons on Danish soil.

[Question] What is your reaction to the vehement personal attacks in the media?

[Answer] It is the tradition in Danish politics to make all political issues personal, but I have done nothing that did not have the full support of the competent bodies. One gets used to personal attacks, and if one cannot take it, one should not enter into politics. However, there are many unpleasant consequences. Especially my family suffers under the attacks. A lot of things happen which I shall not go into in detail. But it is extremely ruthless and rude of the reactionary and conservative circles which are to blame for this.

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## DANISH PEACE ACTIVIST URGES JOINING NORDIC MOVEMENT

Godthaab GRØNLANDSPOSTEN in Danish 26 Sep 84 p 45

[Article by pk]

[Text] Else Hammerich will now work for Greenland's participation in the Nordic peace movement.

"Underlying the peace work of young Greenlanders is a joy of life and a love for the country, not the sense of doom which, to a far greater extent, marks the youth of Western Europe," says Else Hammerich, who in Greenland has visited ICC [Inuit Circumpolar Conference] and the Sorsunnata group to hear the Greenland viewpoints on disarmament and peace.

The peace movements in Norway, Sweden, and Denmark have set up committees to work for a nuclear-free zone comprising the Nordic countries. Else Hammerich is a member of the Danish committee, and she will attempt to have Greenland included in that work.

In the discussions about a Nordic nuclear-free zone, the limit to the west of the zone in question has been somewhere in the Denmark Strait between Iceland and Greenland. Else Hammerich has got no answer to the question why Greenland has not been included in this peace work. It is almost as if Greenland has been forgotten.

#### Treaty Now

"The peace movements in the Nordic countries have in particular focused on protesting against the deployment of the 582 missiles in Western Europe. We have now launched a campaign which we call 'Treaty Now.' The aim is to arrange a superpower-guaranteed treaty to the effect that the entire area comprising the Nordic countries will become a nuclear-arms-free zone both in times of peace and in times of war," Else Hammerich says.

"Whereas the 'missile campaign' was negative because the objective was to prevent anything from happening, 'Treaty Now' is positive because the objective is to create a nuclear-arms-free zone comprising the Nordic countries and a Nordic area which stands for relaxation and peace."

"Efforts are being made to establish nuclear-arms-free zones in many parts of the world, and the ultimate objective is, of course, to combine these zones into a world-wide zone."

#### Nordic Countries and Arctic Regions

"In Nuuk, I have spoken to the president of ICC, Hans Pavia Rosing, on the efforts of ICC in that area. As is well-known, ICC proposes a demilitarized Arctic region, but ICC also wants to make the Arctic region a nuclear-arms-free zone. And, here, Greenland, may, of course, become a natural link between the Nordic countries and the Arctic region," Else Hammerich says, adding:

"The interesting thing is that this has also been the position of the Greenland peace movement Sorsunnata.

Sorsunnata has proposed that the two nuclear-arms-free zones in the Nordic countries and the Arctic region be combined into one zone. Sorsunnata has distributed this proposal all over Greenland, asking people to sign the proposal. Unfortunately, not too many signatures have been received.

Else Hammerich says that the initiative taken by Sorsunnata is a good thing, and she hopes that many people will sign the proposal.

"However, I know that it is a question of a young peace movement, and that it is difficult distributing the request to the entire country. I also realize that the movement does not have too much money. But I hope that Sorsunnata will be able to collect the necessary funds for its work and representation at the meetings of peace movements in the Nordic countries," Else Hammerich says.

Else Hammerich will inform Denmark of the peace work which is taking place in Greenland both within ICC and Sorsunnata. At the same time, she will advocate the inclusion of Greenland in the Nordic peace efforts.

"There are two important reasons for Greenland's participation in the Nordic peace movement. First, Greenland is a threatened area in case of war between the United States and the Soviet Union. The war poses a direct threat to the population, although that threat has not yet been recognized by the population. That is why the information efforts of Sorsunnata are extremely important, and, therefore, it is also important to have a democratic control of the foreign bases in the country.

Second, I find that Greenland may be able to provide the peace debate in Europe with a positive angle, viz. that it is the joy of life which must form the basis for the peace work and not fear, anxiety and hopelessness," Else Hammerich concluded.

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## 'NO TO NUCLEAR WEAPONS' GROUP ASSAILS NEW SOVIET MISSILES

Oslo AFTENPOSTEN in Norwegian 8 Oct 84 p 3

[Article by Thorleif Andreassen: "Peace Group Demonstration Against New Soviet Missiles"]

[Text] "No to Nuclear Weapons" is not gentle in its criticism of Soviet deployment of nuclear missiles in East Germany and Czechoslovakia. "Senseless," said information secretary Magne Barth to AFTENPOSTEN. "The Soviets have no military need to deploy more nuclear weapons in Europe. They can not give any honest reason for the deployment, which just increases fear in West Europe. Ordinary people in the East reject what is happening. It can be used to legitimize western armaments," said Barth.

These viewpoints will also be brought out during nationwide demonstrations by "No to Nuclear Weapons" on UN Day, 24 October.

"When we pointed out the senselessness of the Soviet deployments to representatives of the Warsaw Pact, they were not able to give any honest reason why it is being done! We cannot escape the thought that the Soviet nuclear armament in Europe will stimulate new western deployment of tactical nuclear weapons."

"An arms buildup can not happen only on one side?"

"What has happened clearly shows that the entire arms strategy has been a failure. One must not believe that if he only arms himself enough, disarmament will follow. As is known, there is a proposal in the American Congress about production of new tactical nuclear weapons. Neutron weapon grenades are already in production.

"Conversations have begun between American and Soviet authorities. Does this give 'No to Nuclear Weapons' reason for optimism about disarmament negotiations?"

"Reactions from the Soviet side to these conversations are discouragingly negative. So far I see no thaw in sight, therefore the demand for a freeze is so important," said Magne Barth.

"Why have you chosen UN Day as your day of action?"

"One of our main slogans is 'With the UN for a Freeze.' International opinion for a freeze is strong in the UN, where 135 nations support this demand," said Barth.

#### Slogans

There will be many slogans in "No to Nuclear Weapons" demonstration parade on 24 October. Most are old, some are new: Reduction of Nuclear Weapons in East and West; No Nuclear Weapons in Norway in Peace or War; Nuclear-Free Nordic Zone; With the UN for a Freeze; Storting Must Say Yes to a Freeze This Autumn; No Cruise Missiles in the Norwegian Sea; Banish the SS-20, Cruise and Pershing; No to New Nuclear Weapons in East Germany and Czechoslovakia; Freedom for Nuclear Protests in East and West.

#### Concentrating on Teachers

The movement has obviously aimed at the country's teachers. In connection with action week 20-27 October, it is intended to run an ad in the newspapers. Teachers are urged to sign this ad "for a freeze and no to use of nuclear weapons." Letters have been sent to the country's schools to get the teachers in on this.

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## BOURASSA ON PLQ, PQ, ECONOMIC PROSPECTS IN QUEBEC

Montreal LE DEVOIR in French 22 Sep 84 pp 11-12

[Text] A year after his return to the leadership of the Liberal Party of Quebec [PLQ] and less than a week after the last general council meeting of the PLQ, Robert Bourassa agreed this week to grant LE DEVOIR an exclusive interview. He answered questions posed by Jean-Louis Roy, Jean Francoeur and Gilles Lesage.

[Question] What is the status of the Liberal Party of Quebec?

[Answer] The PLQ has 180,000 members. A year ago, we had \$15,000 in working capital. A political party cannot operate for very long with that amount. It was absolutely necessary to give priority to that problem. How can I hope to govern Quebec if I cannot demonstrate that I can manage the party? In so saying, I am not blaming anyone preceding me. I simply want to explain the effort I have made in this connection. The party collected \$4,330,000 and achieved the greatest success in a popular financing campaign in the past 10 or so years in Quebec.

Where unity is concerned, the race for leadership has not had so many negative consequences. Everyone has rallied and everyone is functioning with maximal cohesion. I am very pleased with the atmosphere and the unity prevailing within the PLQ.

On the program level, the political commission has undertaken a vast effort. Ten regional symposiums were held during the year. We now have 354 resolutions which will allow us to draft the program. In addition, 15 or so subgroups under the political commission are at present studying various themes.

In the political realm, the five partial elections held since I took office have yielded eloquent results. The PLQ won about 65 percent of the votes cast. There is no comparable repudiation in the history of Quebec, in view of the fact in particular that of the seats in question, two were in PQ strongholds--Marie-Victorin and Jonquiere. I believe that the PLQ has had a good year.

[Question] What are the effects of the electoral collapse of the Liberal Party of Canada (PLC) on your party?

[Answer] These effects are difficult to assess. I was surprised last weekend. There had been practically no talk of the results of the federal

elections, as if the page had been turned. One cannot say that the Liberal Party of Quebec has been affected in its dynamism or its determination to work in the coming months by the defeat of the PLC.

It is true that the political chessboard has seen a change. But one always finds a "Quebec force" in Ottawa, a Quebec presence which is still very strong on the federal government level: 11 ministers and the key assistant to the prime minister come from Quebec, the prime minister is a native of the Cote-Nord and very much a part of the Quebec environment. Apart from political hues, one must admit that there is still a very strong Quebec presence on the federal level.

[Question] Your party will be recruiting candidates with the coming general elections in mind. What are the criteria adopted for the assessment of the candidates proposed to you?

[Answer] We are entering into a new economic era. One need not observe what is happening outside Quebec, or in societies comparable to ours, for very long to realize that the rules of the game have changed. Recently I have been studying the cases of Sweden and France, two countries headed by socialist governments. In Paris, direct taxes and indirect taxes are being raised. This is entirely contrary to the traditional egalitarian policy. The burden on those who should pay taxes is being reduced and there is a negative distribution through taxes on consumption. The same kind of thing is being done in Sweden.

Here we want to retain the gains of the calm revolution, but at the same time we must realize that the rules of the game are different.

We can no longer count on extending the public sector to get the economy going again as was done during the 1950s, 1960s and 1970s. We have reached a level in the weight of the public sector such that the law of decreasing returns has come into play. We must rely on the private sector. We live in North America. To the south, east and west of Quebec, our competitors have tax systems which must be taken into account. Quebec cannot export 40 per cent of what it produces if its tax system is not competitive.

The type of candidates I need are people who will understand that we must cope with new types of problems: correction of public finance and economic recovery instead of the multiplication of social programs. If in the 1960s and 1970s we worked toward the mass democratization of basic services, the 1980s will be difficult, in this regard. Within this new context, I am trying to find men and women who are capable of these challenges of a new sort. I began several weeks ago to give priority to this matter. I believe that the general elections will, as I foresee it, take place in 7 or 8 months. Important businessmen have indicated to me considerable interest in participating in the coming electoral campaign as candidates. If we are elected, we can have a cabinet which will perhaps have an aspect different from those we have had in the past 25 years.

[Question] Management personnel?

[Answer] Yes, with management as a function of the new rules of the game. For several years, Quebec has been borrowing an additional billion for its current expenditures. This is an unhealthy and serious situation. Borrowing a billion to finance current expenditures every year means that it is our children who will have to finance the loan. This is a new phenomenon. The reverse was the case in the 1950s, 1960s and 1970s. Investments were financed out of current taxes. Currently, long-term loans are negotiated to finance current expenditures. This problem must be settled. One cannot accumulate a billion for current expenditures out of loans year after year.

[Question] Would you say that it is necessary to go back to the old rule: borrowing only for capitalization?

[Answer] It is unacceptable that this phenomenon has become structural, a basic given in public finance in Quebec.

[Question] But isn't this the case with the federal government, and to a greater degree?

[Answer] On the federal level, it is substantial. I understand that this does not affect inflation because there is a very high rate of saving in the private sector. As a result, a part of the deficit can be financed, unlike the situation in the United States, where the rate of saving is perhaps only a half that in Canada, so the deficit has more impact on the level of inflation. This is not the case in Canada. Except that, at a certain time, it will indeed be necessary to pay off this deficit.

[Question] How will these concerns be reflected in a future PLQ electoral program?

[Answer] A real economic recovery should be based, at least in part, on more realistic fiscal policies. One does not attract investments by means of inheritance duties. Quebec is the only province to do this. In addition, the question of the administration of the large departments arises. These problems are not peculiar to Quebec. There are ways of reducing the costs. Consideration is being given in particular to the possibility of entrusting certain areas of activity--nonessential services in hospitals for example--to the private sector. The goal sought is to reduce costs and introduce an additional dynamic management element in these services. Where the enterprises are concerned, instead of giving them subsidies, an effort should be made to sign contracts with them to make it possible to create jobs rather than giving them subsidies which are often subject to a great deal of bureaucratic control. Finally, the programs which might be superfluous should be eliminated. Out of a budget of \$30 billion, I think it would be possible to recover several hundred million. The task of developing \$500 million in additional revenue through acceptable economic growth would remain.

[Question] Concerning your team, you have just boasted of the men you have in the National Assembly, but one of the weaknesses seen is precisely on these matters of public finance and budget. Under these circumstances, shouldn't the party leader attempt, now that the initial priorities have been dealt with, to get elected?

[Answer] I have 10 years of parliamentary experience. If a partial election were held, I would not go into the Assembly until the spring. My choice is to continue the work that I am doing: regional symposiums, a possible Canadian tour to prepare for the exercise of power if the people give their support, meetings with certain prime ministers during November, if possible, and pursuit of the drafting of the program. The time I would spend in the National Assembly, asking questions, and the time spent in participation in a partial election in the coming months, would be time I would not have for preparing for regional conferences and the party program, organizing the team and making two or three trips abroad--trips which would be useful for the future.

I think that these activities are at least as useful as posing questions to Mr. Parizeau, who will give me a joking answer.

[Question] Doesn't this choice have the effect of minimizing the importance of the parliamentary institution, the importance of which there has been an effort to increase in recent years? And if your analysis, foreseeing elections in 6 or 8 months, does not prove correct, and if the elections are held late in 1985 or even 1986, would you be led to change your present position?

[Answer] In politics, 6 months is more or less the schedule one foresees. I expect elections in the spring. Mr. Levesque is not obliged to make a statement right away. I recall his attitude in 1980. He hesitated at length before extending his 4-year term. He was well aware that he was then breaking with a long-standing tradition. The average length of terms of office is 3.5 years. Twice since the beginning of this century terms have been extended beyond 4 years, for Mr. Godbout during the war, and Mr. Levesque in 1981. The last time it was understandable. There was a unilateral constitutional reconciliation. From the point of view of protecting the rights of Quebec, a power vacuum at that time was hardly acceptable. Thus Mr. Levesque had a valid reason for extension then. But he hesitated. I predict that, in order to avoid charges of usurpation and deceit, Mr. Levesque will call for elections next spring. I have said that my goal was to run as a candidate prior to the end of 1984, but the only district open was Saint-Jacques. If I had declared as a candidate, the electoral effort would have required that I be there full-time, and in addition, I would not have reached the Chamber until a few days before the holidays. Looking at it coldly and making a cost-profit analysis, I decided that I should instead prepare myself for the exercise of power.

If there is one thing I have learned from the past, it is that the most important period for any government at all is the first year in office. But in order to be able to do a great deal in the first year, I must be as ready as possible, ready to act in a number of sectors with having to engage in analysis for another year and finding myself in the midst of my term.

[Question] If a major draft law were proposed this autumn, for example one altering the system of negotiations in the public sector, would this situation lead you to alter your point of view?



[Answer] The government has been in power for 3.5 years now. What major draft law can it get passed this autumn?

[Question] Are you saying that the negotiation system will not be changed before the next elections?

[Answer] The government has appointed a commission. It will certainly await the report of that commission. It will not proceed parallel with the work of the commission.

[Question] Then you will inherit this problem.

[Answer] I am aware of that and I would not have the right to avoid it.

[Question] Do you believe that the system should be drastically modified?

[Answer] In the public sector area, the PLQ has appointed a commission which is in the process of studying both private and public sectors thoroughly. In the case of the public sector, I have discussed the matter with the majority of the trade union leaders, the leaders of the CSN, the FTQ and the CSD. I have told them that in the essential services area, Quebec must not experience in the future what it has in the past.

The government cannot place itself in a weak position and tolerate systematic civil disobedience and the lack of basic services.

Quebec is the only society in the West which has systematically experienced civil disobedience in the basic services sector. I have received encouraging responses from the trade union leaders. Everyone admits that this is a situation which cannot go on indefinitely. At present, we are examining various formulas. The Law on Essential Services has not been a total failure. Basic services by definition are essential and irreplaceable. I found a more open attitude than I had expected.

Because the central trade unions have a powerful weapon through the provocation of strikes in basic services, and because the government is powerless, for all practical purposes, in such cases, it must make concessions beyond what it can afford. How many times have Mr Levesque, I myself and Mr Johnson been faced with the dilemma of very dangerous deterioration in the central services, finally having to yield by agreeing to more money? In the end, we all believed, to a greater or lesser extent, that between a dramatic deterioration of essential services and a heavier financing burden for Quebec, we were choosing the lesser evil. As time passed, we found ourselves with the deficits we now have. If I return to the government, I cannot maintain a system like that.

[Question] Do you believe that Mr Levesque will still be head of the Quebec Party when the next general elections are held?

[Answer] It is not at all certain that a leadership congress would improve the chances of the PQ, since there will be a split, because on the economic level, one cannot say that the situation is very favorable for them. In

addition, there is nothing sure about the conduct of the future leader. He will still remain the head of the Quebec Party, just as Mr Turner remained the head of the Liberal Party, which had been in power for 20 years. The future leader will remain head of the Quebec Party, which--the party as such--has displeased a tremendous number of the citizens of Quebec. All of the studies we have made show that the Quebec Party as such is profoundly unpopular. The personalities and the government may vary with the current situation, but the party as such is profoundly unpopular, because it has deceived a good majority of the people of Quebec. I foresee that Mr Levesque will try to remain head of the party from now until the next elections, but on this matter, my judgment and my instinct are no better than yours.

#### New Cohesion in the PLQ

[Question] Do you believe that the prime minister will seek to negotiate the constitutional issue with Mr Mulroney before the elections are held?

[Answer] Mr Levesque is not the most reassuring of politicians as a negotiator in the constitutional area. In the past he has failed to understand all the implications of the Fulton-Favreau Plan. From every indication, he has not understood the implications of what he signed on 16 April 1981, the plan for amendment in which Quebec is not even mentioned.

I find it amazing that the Quebec Party is now demanding that Quebec be regarded as a separate society, when the PQ government signed an amendment plan on 16 April 1981 which made not the slightest mention of it in any way whatsoever. I am also surprised that it makes no mention of the Supreme Court. It is clear that the Supreme Court needs reform. It is this body which passes judgment on the functioning of the constitution, and the provinces have no role to play in the appointment of the judges.

In addition, the present government has abandoned the sharing of power as an important element in negotiation with the federal government in constitutional reconciliation. Nor has it anything to say about immigration in the authority Quebec should have in the constitution. If there is a right which seems important to me on the cultural level, it is that Quebec should be able to have the last word in the realm of immigration. Our internal cultural balance depends on it. In view of the population decline being experienced, it is basic that Quebec be able to decide on the issue of immigration, on the highest instance, working with Ottawa, as Mr Trudeau has already proposed, moreover. It is logical, since Quebec is a culturally distinct society, that it should have the last important word in this area. Mr Levesque says nothing about it. This is inconceivable.

I am very confident that a federalist government in Quebec could win the agreement of the rest of Canada on matters such as these. I refer to the Supreme Court, the veto right on immigration, and the elimination of duplication in certain sectors. I think it would be possible for Quebec to make important gains with the agreement of the rest of Canada, because in large part, these things have already been proposed to us. Concerning the recognition of Quebec as a distinct society, I remember very well a statement made by Mr Trudeau, to the effect that he was prepared to regard Quebec as a distinct society.

[Question] What do you think of the present amendment plan?

[Answer] The position of the PLQ is that we want to recover our veto right. To the best of our knowledge, Mr Mulroney has never formally opposed this approach. Nor has Mr Turner. He had his reservations, but he never said it was impossible. Mr Chretien said that it would be difficult. The approach of the PLQ is an effort to recover the veto right. There are areas in which the confirmation of the rights of Quebec is indispensable: the issue of immigration, the Supreme Court problem, and also that of formal recognition of Quebec as a distinct society, in the preamble to the constitution. The future juridical effects of such recognition in the interpretation of the constitution could be major ones.

[Question] You have voiced a harsh judgment concerning the reliability of Mr Levesque as a constitutional negotiator. It could happen that it is in his interest, this time, to negotiate and sign an agreement with Ottawa.

[Answer] I would be surprised if the federal government began constitutional negotiations with Quebec within a few months. I have not checked on this myself, but federal government leaders have stated that their priorities would focus first on economic recovery and that then constitutional reform might be undertaken.

I wonder about how desirable it would be for the federal authorities to negotiate with a government the ideology of which seeks to destroy the federation. This is after all the official ideology of the Quebec Party and the government. It was not adopted 3 years ago, but rather 3 months ago. I do not know if Ottawa will choose to negotiate with a government which includes a majority of ministers who favor the independence of Quebec, and which is, according to its own program, officially committed to the destruction of the federation. If they do so, we can only follow the situation very closely. I reiterate that Mr Levesque has not been particularly brilliant in his constitutional efforts in these past 20 years.

#### Sticky Opportunism

[Question] Given the present situation, might not Mr Levesque find the ingredients for giving his party a new push in these negotiations?

[Answer] Such an undertaking requires a minimum of credibility. I recall what he had to say about Mr Mulroney when he was elected head of the PC, and what he had to say when Mr Mulroney supported Mr Trudeau in the unilateral constitutional reconciliation. They cannot suddenly say this is marvelous or sensational. Their recent statements reflect instead a kind of sticky opportunism.

[Question] In any case, a hand has been extended.

[Answer] In any negotiations, your interlocutor must, at base, be credible. It is obvious to everyone that the hand being extended by the PQ government currently has electoral motivations behind it. This is the third time, after all, that the leaders of the PQ have modified their commitment on the issue

of independence prior to general elections. This has not deceived the people of Quebec. In 1976, they called for elections saying "You will have a referendum." A month later, Mr Levesque spoke forthrightly of independence at the Economic Club in New York. In 1981, they set independence aside. A year later, whatever the reasons, they prohibited participation in any of the federal-provincial conferences. But now, for a third time, I do not believe that they could succeed in maintaining their credibility.

[Question] You were present at the constitutional negotiation table. Do you believe that Mr Mulroney can take up the challenge and get the process of constitutional negotiations going again?

[Answer] Mr Mulroney will have an excellent chance because the context is different. If you study the case of Quebec, its position has changed as compared to that in 1979, 1969 or 1966. In connection with the constitutional reconciliation, a new sharing of power is no longer being demanded. The new sharing of power has been abandoned and the constitutional reconciliation has been effected.

Indeed Mr Mulroney is not in a position to guarantee the return of Quebec's veto right by himself. According to the new amendment plan, the agreement of seven provinces is needed. Recalling the approaches made to Quebec 4 years ago by the federal government, greater confidence in reaching an agreement is justified. Finally, Mr Mulroney's experience is important. He is, first of all, a negotiator. He is neither a doctrinarian nor an ideologist. If anyone can succeed, given the new context, I believe it is he. He has 4 years and his government is represented in all regions of the country.

#### Economic Realism

[Question] What kind of economic proposal is likely to meet the development needs of Quebec?

[Answer] The fiscal policy of the government is unfavorable to the investment climate. Mr Parizeau says that the inheritance tax is not bringing in revenue, is achieving nothing. "I am imposing death duties because the more fortunate should be taxed." Clearly this policy is causing the exodus of capital which is important to Quebec. There are taxes which can be reduced or eliminated without any profound budget impact. In addition, the question of political stability in Quebec inevitably plays a role in investment decisions. Six months ago, Messrs Parizeau and Levesque were reported in the weekly LE POINT as stating that if Quebec had a separate currency, the crisis would have been easier. This kind of statement does not contribute to improving the political climate. Finally, the multiplication of state companies, monopolies and commissions, this regulation which has developed at an accelerated rate--all of this creates a very negative atmosphere for business circles.

[Question] What do you propose to do concerning the state companies?



[Answer] Currently we have a committee studying this important question. It is our intention to launch a movement, a change of course, and to return certain state companies to the private sector. We will do this in a responsible fashion.

Should Quebecair undertake international flights? What should we do with Asbestos, now that our \$200 million has been contributed? And what about the SAQ? These situations are at present the focus of careful examination. I am awaiting proposals such that we can act rapidly. I want the exercise of power, when it is entrusted to us, to allow us to act speedily, so as not to waste this period of grace which allows the government to do many things.

Are there state companies playing a market role on the world economic level, or is it the states themselves which, through private or state companies, are competing? There is Hydro-Quebec. Jean Chartier wrote in LE DEVOIR last week that the Americans are preparing to spend \$300 billion between now and the year 2000 for the production of electricity. Do you see what Quebec could do, if we had 10 percent of that sum, what that would mean for the gross domestic product of Quebec, for economic activity in Quebec, if we had an input of \$30 billion?

[Question] Would you agree to direct investment by the Americans in hydro-electric energy in Quebec?

[Answer] We must undertake the dynamic, determined and political promotion of this asset. Mr Duhaime said that we do not need to participate in the American energy debate. I do not agree. It is necessary to tell the Americans that the nuclear option is not working. It is an energy source costing you 15 times what was expected. This debate is important.

Concerning Baie-James, time has proven me right. Concerning the firm energy sales which were consistently rejected until 3 months ago, time has proven me right. An effort will be made to obtain \$21 billion in American dollars in firm energy. And there Quebec has a trump. There is talk here of bringing tens of billions into our economy in capital.

We must examine Hydro-Quebec's profits. Ontario increased its rates by 8 percent last year, and Quebec 3.4 percent. Ontario suffered a loss of \$300 million last year, while Quebec showed a profit of \$800 million, while paying very substantial interest. This is after all proof that this works.

I am confident, and this is the reason I choose to travel about the province. I am trying to give the people of Quebec confidence again, because it is clear that we have just experienced a period of profound concern. All of the families in Quebec are living in economic insecurity. All of the families in Quebec have children for whom the future is more or less blocked. I believe that it is one of my responsibilities as opposition leader to give the people of Quebec confidence again, by meeting them in person to inspire confidence in them with concrete arguments.

[Question] Are you in favor of new trade union formulas? Accreditation for multiple employers, for example?

[Answer] I do not believe that the economic climate in Quebec at present is ripe for measures like these. I think that the workers themselves will admit that currently, the priority should instead be to face up to the competition, which is rather keen. I do not believe that we are justified currently in proceeding toward such formulas. We cannot have tax laws, a political structure or labor laws which are drastically different from those of our competitors. We are living in a society which must export in order to survive.

This fact imposes limitations upon us. Our approach will be pragmatic. It is not a question of creating clashes for the fun of it. I know very well where I am headed, and I know very well what decisions must be made in order to reestablish the economy of Quebec.

[Question] What is your assessment of the summit formula adopted by the government, and the agreement sought through these joint efforts?

[Answer] There will be a tendency toward reassessment. On paper, this seems to me a good plan. Everything working toward agreement in these years, when we have paid rather dear for the clashes experienced in the past 20 years--everything favoring agreement should be regarded favorably. But a time comes for looking at whether this produces results, or whether in the end it does not simply allow the parties to impose their points of view. I cannot think of summit meetings which have yielded obvious concrete results. Often these summit meetings fell within an overall political strategy. There was a refusal to include the federal government. This move was political rather than economic. This was the case with the Montreal summit meeting. This ideological approach limited the result of the meeting. But the principle as such should be regarded in a positive way.

[Question] Are you trying to reestablish bridges with what one might call the intellectual class in Quebec, following the break between these two entities?

[Answer] In the political commission of the PLQ and in the various sub-commissions, a number of university figures are giving us real help. Mr Dussault himself is a university man.

[Question] What would you say about our intellectual class at present? How would you describe it?

[Answer] It is difficult to make an overall judgment.

[Question] Do you not notice that there is less participation, less vitality and creativity, and perhaps also less prominence?

[Answer] This is not surprising to the extent that this intellectual class had placed its confidence in the PQ. But the PQ government profoundly deceived and even humiliated it. One cannot expect that this group will suddenly turn toward the Liberal Party. There must necessarily be a period of hesitation, of transition.

The key idea of the Liberal Party in the coming electoral campaign will be "rebuilding Quebec with economic realism." Obviously, it will be necessary for the intellectuals who want to support us to accept our key theme. I am confident that they will do so, because they will see the need for economic realism. We are locked in a vicious circle of debt, unemployment and taxes. It must be broken. This can only be done through economic realism.

[Question] If this does not break the circle, do you have alternate solutions? For example, you say that we must do everything to promote growth. Realistically, on the other hand, isn't it possible to accept that growth, as we have known it in the past 25 or 30 years--that these rates of growth will not be seen again?

[Answer] I must tell you that I am well aware of the challenge facing us. I am confident that since we depend heavily on exports, this means limitations, but it also makes it possible to achieve greater real growth, or at least to hope for it.

The countries which have the highest real rates of growth are the countries in Eastern Asia, and this is because they export a great deal. In this respect, Quebec holds many trumps. I am confident that we can achieve much higher real growth and I say this on the basis of arguments which are as concrete as possible. But this will presume conditions which were perhaps not so obvious in the 1960s or the 1970s. This will presume that our social partners collaborate in a less mistrustful fashion.

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CSO: 3619/6

## STATUS OF QUEBEC NATIONALISM DISCUSSED

Montreal LE DEVOIR in French 25 Sep 84 p 9

[Article by Louis Balthazar, professor in the Department of Political Science at Laval University]

[Text] Nationalism in Quebec is not dead. This was well and truly evidenced during the recent federal election.

It is true that the party which calls itself "nationalist" and which had the official support of the party in power in Quebec, did not win even 3 percent of the votes. It is also true that the Conservative Party, which won the votes of a majority of the citizens of Quebec has rather infrequently been known in Canadian history for its support of the thesis of Quebec nationalism. Its current leader, Mr Mulroney, ousted his predecessor, Mr Clark, while maintaining great firmness with regard to the centrifugal tendencies of certain Canadian provinces.

However, thanks to a curious sort of phenomenon, the Conservative Party was unable to organize and consolidate its strength in Quebec without welcoming a certain number of Quebec nationalists with open arms. The federal Liberal Party had in one way gone to the limit with antinationalism. There hardly remained any option for the Conservatives in order to win support other than for them to turn to the nationalist sympathizers.

This is not a new phenomenon.

In 1958, John Diefenbaker's Quebec delegation was much more nationalist than its liberal counterpart. It was, moreover, nothing but the federal carbon copy of the National Union of Maurice Duplessis. But this was beyond the grasp of Mr Diefenbaker who, for his part, had never really given his deputies from Quebec much weight or responsibility. A number of them were quick to return to the National Union with Daniel Johnson, in the course of the 1960s. In 1968, Robert Stanfield went so far as to recognize the so-called theory of two nations, and to propose some nationalist candidates to Quebec. This was doubtless one of the reasons which led LE DEVOIR to urge its readers to support Mr Stanfield. The fanatical Trudeau movement prevented Quebec nationalism from making itself known on the federal level. Mr Trudeau was able, moreover, to maintain his magnetism with regard to the voters in Quebec, although Mr Stanfield remained faithful to his 1968 commitments and even though Mr Clark went farther than his predecessor in making himself the



defender of the opposition in Quebec to constitutional reconciliation, although receiving no benefit therefrom.

As to Mr Mulroney, while he had to maintain a distance from his predecessors in his conception of Quebec's role in the federation, he nonetheless proved himself rather skillful in gradually recovering the work of Messrs Clark and Stanfield and leaving room for the nationalists in his party. His success was due to a number of factors, of which the departure of Mr Trudeau and the blunders of Mr Turner were not the least. But it does indeed seem that one of these factors was the fact that the citizens of Quebec saw in a conservative government the promise of a better federal balance, in other words a better status for Quebec. Mr Mulroney pleased the electorate by stating that he would negotiate with the government duly elected by the people of Quebec, whatever it might be. Was it not as of that moment that the polls showed that the Conservative Party was winning in Quebec?

#### What Kind of Nationalism?

But what is this nationalism which is content with a vague promise of "dignified" reconciliation between the federal and Quebec authorities? The nationalist elite in Quebec will soon have caused to shrug its shoulders on hearing talk of "autonomy," a "special status," a "better federal balance," the "rights of the provinces" or "renewed federalism." All of this takes us more than 20 years back, they say. This is true, but why react as if we had made great progress since the era of Jean Lesage and Daniel Johnson, as if we were much closer to independence? I very much fear that the only progress Quebec nationalism has seen in the past 20 years is to be found on the level of rhetoric, dreams, hopes, on the level of words and songs (which is not, however, without importance). In reality, what concrete gains have we won in consolidating the power of Quebec since 1970? On two occasions we have elected a government committed to the ideal of independence, but we have also indicated to it that we did not want that independence. This government has clearly confirmed the authority of Quebec, but this authority has been whittled away from it by a federal authority reassured by the victory in the referendum, whenever the occasion has arisen. Even the French language charter is not functioning in several respects, because of Supreme Court judgments.

The great tragedy of the 1970s lies in the fact that a whole generation nurtured the hope of independence, which it believed was within reach, while it was not at all, in reality. Look at the polls. Good years and bad, the majority of the citizens of Quebec have invariably come out in favor of something like a particular status, renewed federalism, a strengthened Quebec authority, but never for sovereignty pure and simple. However, it will be said, the people of Quebec said "Yes" to the referendum, to the extent of 40 percent. But for a rather small margin, the affirmative vote would have had a majority. But what did this "Yes" mean? Certainly not that overnight sovereignty of which the nationalist elite dreams. It meant a mandate to the government of Quebec to negotiate for associated sovereignty, with the clear understanding that any change in the status of Quebec would be endorsed by a later referendum. A number of analysts, and I am among them, have claimed

that the results of these negotiations (for which preparations on the federal level are at a halt, whatever they may have said about their readiness to negotiate) could have very well led to nothing other than the renewal of the federation desired by the majority of the citizens of Quebec. In any case, Quebec, preparing to negotiate, could do nothing other than make sacrifices with regard to an already rather modified proposal for sovereignty.

### Ambiguity in Quebec

Everything possible concerning the ambiguity in the positions of the majority of the people as to the status of Quebec has already been said. The citizens of Quebec vote nationalist in the province but for a centralizing authority in Ottawa. After seeing fit to elect Duplessis and St-Laurent, they put Levesque and Trudeau in power. In the name of pragmatism, they elected Bourassa in 1970, but Mr Bourassa himself, since 1971, has felt obliged to boycott a constitutional agreement, doubtless because he believed that this was the desire of those who voted for him. They rejected separatism in 1973, but put the Quebec Party in power in 1976, saying "No" to it in 1980 and "Yes" in 1981. And now at the very moment when they are preparing to force the PQ out of power, they are allowing themselves the luxury of sending some nationalists to Ottawa. A number of individuals have held forth on these contradictions, this lack of logic, this inconsistency in Quebec. We laughed with Yvon Deschamps: "A strong Quebec in a united Canada!" (Is this indeed so ridiculous?) And as laughter is not far from ridicule, some circles did not hesitate to denounce the stupidity and the folly of the good people of Quebec.

It is not unusual even to hear nationalists or defenders of the people condemning the attitudes of these same people, expressing regret that they are unaware, frightened, if not entirely stupefied, to the point that they are. Nor is this a new phenomenon. It nonetheless remains a paradox that ardent nationalists and lovers of Quebec show so little interest in the will expressed by the majority of its citizens. They love Quebec but mistrust its people.

And what if there were after all a certain logic in the ambiguity in Quebec? What if this were a way of simultaneously influencing the large complexes and cultural affiliation? What if the desire were to be a part of both Canada and Quebec, as there is a desire elsewhere, for example, to be both Scottish and European?

### A New Hope

The saddest aspect of the present situation, and Mr Trudeau bears a good part of the responsibility for it, is that it is ever increasingly difficult to be a citizen of Quebec in today's Canada, with a federal government which wants to draw everything under its control--culture, education, health, regulating language, etc. Mr Turner offered us no hope of any change in this situation, and his acolytes from Quebec even less so. Mr Joyal pushed audacity to the point of allocating subsidies to the universities 2 weeks before the balloting. With Mulroney, a hope of a better federal balance, a certain respect

for the provincial authority, could be glimpsed. It was to this hope that the people of Quebec clung, through their votes. And in this hope they will perhaps be deceived. It is very possible. Who knows?

But for the time being, nationalism in Quebec is still alive, but not in the pro-independence form which never had majority support, except in the dreams of the elite. Quebec nationalism is not on the wane. What is declining is the thundering expression of it, the tragic polarization to which it led during the 1960s. This should give food for thought to the pure nationalists of the Quebec Party who are preparing to humiliate it, even to humiliate the cause they defend by subjecting sovereignty again to the electorate for endorsement. The PQ has just won a certain success by affiliating itself with the nationalism of the majority in the federal election. Would one not want to attempt to extend this success to the next provincial election?

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## CONSERVATIVE DAILY ON CONTINUING CP INTERNAL FEUD

Helsinki UUSI SUOMI in Finnish 13 Sep 84 p 2

[Editorial: "Finnish Communist Party Terminally Split?"]

[Text] A final solution has been predicted many times -- always incorrectly -- in the bitter dispute among Finland's Communists. Thus it is hardly worth arguing that now is that time. But even a formal split is only lacking the final seal.

It will be more difficult to predict what will happen to two communist parties. Will they both drown while still bitterly fighting each other under the surface? Will the moderate group of People's Democrats gradually become the left wing of the Social Democrats? Will a small but hard nucleus of fundamentalist Communists remain on the surface?

Both factions argue that the membership is fed up with the dispute. This could very well be true. However, what is decisive is that the leaders of both factions will not be satisfied with anything else except complete victory. The membership, on the other hand, is a divided group; they have become Communists generally under the pressure of a bitter tradition or the peer pressure of what was fashionable during one's youth without analyzing Marxism-Leninism or the problems of so-called real socialism.

Finnish society does not need communism for foreign policy reasons any more than for domestic policy reasons. The fact that the party belongs to the past is demonstrated by, among other things, the bitter dispute of recent weeks about the interpretation of events in 1944 and even before. TIEDONANTAJA has found numerous dangerous deviations from the correct doctrine in the majority Central Committee's long (and in the opinion of outsiders strongly left-wing oriented) resolution.

A tough power struggle is being disguised primarily in a doctrinal dispute. The debate on the resolution, however, confirms that the Taistoites [Stalinists] intend to strike back at Aalto's supporters namely by means of foreign policy.

The large fraternal party to the East has been rather quiet since the congress in May even though many signals have, indeed, been given with respect to the



well-known direction of its sympathies. Thus the Taistoites were able to have in attendance at their recent festivities a rather significant CPSU representative, who gave clear support to the minority in between the lines of his speech. The majority has been able to console itself only with the fact that for the time being it has been spared from open attacks by comrades in Moscow.

The so-called third line was smashed in May and its remnants have found their way into either one of remaining camps. Jouko Kajanoja, who has been pushed aside as party leader, continues to imagine that he will be called upon to act as the great conciliator, but in waiting for this he has clearly made himself available to the minority.

Kajanoja is not at all lacking a political future. If the Taistoites gain the upper hand through perseverance and the assistance of the neighboring party, Kajanoja would provide a suitable image of a leader in the same manner as Mauno Pekkala, Eino Kilpi, and other former Social Democrats in the SKDL.

Both factions are extending their organizations to the territory of the opposing camp. The establishment of majority shadow districts in minority strongholds has gone quite far. The minority, on the other hand, is strengthening its hold on important positions by establishing the so-called council of one-hundred. It would apparently issue orders about work disturbances above the official trade union section of the SKP.

The latter operation points out that even though communism is becoming increasingly ineffective as a national movement, it is still capable of disturbing even the national economy by terror at the job site. However, one would think that workers would gradually become tired of acting as puppets in the SKP's struggle.

Presumably, the SKP's factions are, however, awaiting the results of the municipal elections before a final separation. Running on two lists in the elections in Helsinki and in certain other large cities is already a historic sign. The municipal elections are practically the first opportunity for the SKP's membership to express its views in a democratic manner. It is indicative that this opportunity is provided by a Western and even bourgeois republic.

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CSO: 3617/1

## 'RECONCILIATION TIME' HAS PASSED IN COMMUNIST PARTY

Helsinki HELSINGIN SANOMAT in Finnish 25 Sep 84 p 2

[Editorial: "Time of Reconciliation is Past in Finnish Communist Party"]

[Text] In spite of the approaching municipal elections and partly because of them, the mutual clarification of relations continues without pause in the Communist camp. The majority and the minority have not both been able to fit in the same election alliance in several large municipalities. The aspiration of both factions is to avoid a party split, but each one wants power under its own conditions.

The time of reconciliation for the nearly 2-decade long conflict came to an end at the last party congress when the majority took control of the whole Central Committee. The party leadership no longer recognizes a division. It is demanding for itself complete power and control in accordance with the regulations of the SKP [Finnish Communist Party]. If the present minority could become the majority, it would emphasize the principle of democratic centralism, the obligatory nature of the majority's decisions, even more forcefully.

The present minority needs an extraordinary congress in order to become the majority. This will apparently even be arranged, but Arvo Aalto's majority is determined to prevent power from slipping out of its hands. At the 40th anniversary celebrations of the SKDL [Finnish People's Democratic League] Chairman Aalto stated that a return to the previous dissension will not be allowed by means of an extraordinary congress or by any other means. The present majority will keep the power to itself.

A hard line will apparently also be retained in practice. According to the SKP's regulations, the party leadership has the right to take disciplinary actions against district organizations violating its decisions. If the minority no longer has an opportunity to become the majority, it will be difficult to avoid the dissolution of the party.

The SKP's majority proceeds justifiably from the fact that the long dispute within the party has made it impotent, a fact which favors the minority. It wants to extricate itself from this situation at any price. No longer is it possible to refer to the fact that the SKP's wandering in the wilderness has continued so far in a formal togetherness in spite of the conflicts.

Chairman Aalto is of the opinion that a continuation of "the course of recent years" will lead to destruction. Quarreling has reduced the party's support. An open split as its alternative will certainly not restore the SKP's past power and importance. Has history in Finland bypassed the views represented by the party and especially its present minority.

10576

CSO; 3617/1

## COUNTRY'S LEADING DAILY ON SORSA'S USSR TRIP

Helsinki HELSINGIN SANOMAT in Finnish 25 Sep 84 p 2

[Editorial: "Sorsa Went to Moscow Without Problems"]

[Text] Prime Minister Kalevi Sorsa's official visit to the Soviet Union this week will, for the most part, conform to the established forms of relations between our countries. It will concentrate on economic and trade policy and will only touch upon foreign policy, which falls into the realm of presidential authority in Finland.

The emphasis on travel has fallen to the president as a consequence of the division of duties in Finland. The previous official visit of a prime minister to Moscow was made by Ahti Karjalainen in April 1971 and the one before that was made by Rafael Paasio in November 1966. Thus official visits have been a rather rare feather in a prime minister's hat although the steady development of relations between our countries has meant a constant exchange of unofficial summit visits at many levels.

The world has changed drastically even from the point of view of our two countries since Paasio's visit nearly 2 decades ago. Paasio was able to bring an end to the 9-year long Cold War between his party and Moscow without conducting party-level negotiations. The Soviet Union, for its part, was able to begin the construction of bridges to Europe's neutral countries and to strengthen its contacts with the Socialist International by means of the visit made by the delegation of the Paasio government. It was at that time Moscow's only channel to many NATO countries.

Paasio's trip was the subject of profound speculations in Finland. Even on the eve of the trip the Communists as well as the Simoites demanded a monopoly for themselves on relations with the East, but the trip demonstrated that the demands were unjustified.

The domestic political struggle on foreign policy that characterized Paasio's trip had had a chance to cool down by the time Karjalainen made his official visit to Moscow in April 1971. Prime Minister Aleksey Kosygin, the host at that time, was satisfied with only a reference to "certain spheres", which were not pleased with the friendly relations between the two countries. But Kosygin also noted that the spheres were few and powerless.



Karjalainen's trip resulted in some significant economic conquests, which have subsequently been appropriately expanded and have demonstrated the profound wisdom of the trade policy between the two countries even to outsiders. The problematical legacy of Karjalainen's trip has been the change in the phrasing of the final communique from "a peace-loving neutral policy" to a mere aspiration toward this.

The changing of the wording of the final communique during Karjalainen's trip did not yet mean anything. Subsequently, over the years it has swollen into a problem, which from time to time seemed to destroy friendship itself in the cloud of dust it has raised. It was frequently interpreted in Finland and in the Western countries as evidence of the Soviet Union's continual aspiration to restrict Finland's room to move. The problem has not even yet been fully resolved.

The stability and undisturbed nature of political relations and their independence from international relations have been even more significant than the development of trade relations in the last 2 decades. The detente coming from West Germany's Eastern policy along with the CSCE meetings also improved the position of neutral countries in its time. Fortunately, the tail-spin decline in superpower relations in the last 6 years has not endangered the confidential relations of the two neighboring countries.

In addition to mutual relations, the prime minister's trip will be of even a more general significance. Indeed, he is one of the makers of opinion in the Socialist International and has also visited the capitals of the superpowers many times in this capacity. There may be many different opinions of the Socialist International, but it is not without influence. Sorsa, the chairman of its disarmament committee, is at the same time the first Finnish prime minister who also has a kind of recognized dual role in the Soviet Union.

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## LEADING DAILY COMMENTS ON SORSA'S TRIP TO USSR

Helsinki HELSINGIN SANOMAT in Finnish 29 Sep 84 p 2

[Editorial: "Four Times Kalevi Sorsa"]

[Text] Prime Minister Kalevi Sorsa's valuable visit and friendly reception in the Soviet Union must be evaluated on many levels. Naturally, the prime minister represented, above all, Finland, its people and government. Like our former prime ministers, he was welcomed in this capacity with customary but equally persuasive friendliness and neighborliness. The unprejudiced, systematic and careful effort made by our countries and states to establish permanent relations has produced a very satisfactory result.

Kalevi Sorsa was also noticed as chairman of the SDP [Social Democratic Party]. There is no point in underrating this, either. The SDP certainly does not need outside help for its internal political goals, but the effects on the relationship with other parties, like the SKP [Finnish Communist Party] and the Center Party, are obvious. The SKP majority finds itself in perhaps the most awkward position. In the discussion of workers' parties, it may end up in third place behind the SDP and the SKP minority. The SDP is not mixed up, of course, in the SKP's internal dispute; it only harvests the fruits of that dispute, which may not be forbidden.

The third figure of Kalevi Sorsa was decked out in the cloak of chairman of the Socialist International's disarmament council. This movement's more visible Nordic personality, Swedish Prime Minister Olof Palme, is currently unable to represent the movement's aspirations in socialist countries. Gaining the Soviet Union's confidence in this capacity as well is extremely flattering to Sorsa, but it first and foremost involves responsibility. The big question is this: will Sorsa be able to preserve the mutual trust which is a precondition for obtaining results?

In addition to all this, the visit was naturally just the right thing for emphasizing Sorsa's role as the strongman of Finnish politics and his importance as the leader of the other party in the Soviet-Finnish commission on economic cooperation. Up until now, not a single Finnish politician--not even Urho Kekkonen--has been able to represent such diverse powers and positions of trust. When it is a question of a politician in the prime of life, the matter cannot have just academic significance.

## 'FEAR OF FOREIGN IDEAS' BEHIND CHERNENKO CAMPAIGN

Helsinki HELSINGIN SANOMAT in Finnish 29 Sep 84 p 2

[Editorial: "Creative Ability From Father's Hand"]

[Text] Konstantin Chernenko, party leader and president of the Soviet Union, has restored discipline and order to his country's literature, cinema and theater. He tightened socialist realism's somewhat lax guidelines in a manner which praises Stalin's cultural administration and gives thanks to Brezhnev at the same time as Nikita Khrushchev, who held power in between these two, is labeled a wrongdoer.

Chernenko made it clear to his country's writers that what is expected of them is not tragedy and experimentation but a gallery of positive socialist heroic types in which each generation can find persons to identify with and love. The party leader installed, more tightly than before, the party machinery as the judge of literature and appointed the party's cultural officials as the writers' shepherds. If the writers themselves are unable to portray positive heroes, the party officials will have to explain to them painstakingly what creative ability is all about. The party leader thus left literature just one kind of flower to cultivate and gave one to understand that other kinds can grow only under foreign or alien influence.

Literature must form a cocoon around itself and take shelter from the alien influences of the outside world. The self-satisfaction cherished by Chernenko is seen, in addition to the rejection of everything foreign, in the encouragement he gives Soviet writers to help foreign colleagues.

The reason for the return to discipline is clearly a fear of foreign ideas, which is increased by the lameness of the country's own plans for development. The Soviet Union's rigidifying introversion disheartens another generation of writers and is at the same time an indication that the world is again becoming slightly more dangerous.

12327

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## LIBYA CLOSES HELSINKI 'PEOPLE'S BUREAU'

Helsinki HELSINGIN SANOMAT in Finnish 29 Sep 84 p 10

[Article: "Libya Closes Its People's Bureau in Helsinki"]

[Text] Libya is closing its people's bureau--it corresponds to the embassy of other countries--which has operated in Helsinki. The Libyans have notified the Finnish foreign ministry of the bureau's shutdown and of the fact that, in the future, matters will be taken care of from the Libyan people's bureau located in Stockholm.

It is reported from the foreign ministry that the bureau is being closed for reasons of thrift, out of economic considerations. There are no political or other problems between the countries and behind the closing. People's bureaus are also being shut down in places other than Finland. The people's bureau in Stockholm will remain the center for the Nordic countries.

The Libyan people's managed to operate in Finland only for a good 3 years. The bureau began its operations on Haapaniemenkatu in Helsinki in the spring of 1981. In addition to supervisor Mohamed Hashmi Naasi, less than 10 employees have worked in the bureau.

Finland has an embassy in the Libyan capital of Tripoli. Only Ambassador Raimo Salmi and one commercial secretary work there.

The closing of the Libyan bureau in Helsinki makes it difficult for Finns traveling to Libya. Finns require a visa, and from now on it must be obtained in Stockholm.

Libya has been an important target country for Finnish construction exports. Many Finns have worked in the country, and Finnish firms have obtained construction ventures there worth billions of marks. Recently, it is true, the construction projects have decreased.

12327

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## CONSERVATIVE PARTY YOUTH ANALYZE GENERATION'S VIEWS

Helsinki HELSINGIN SANOMAT in Finnish 30 Sep 84 p 2

[Editorial: "Lost Credibility"]

[Text] Party platforms outline the future, which is also foreshadowed by the self-confident opinions of young politicians. Conservative Party youths have written down their own views. An anthology of eight writers encourages the Conservative Party to free itself from short-sighted topical politics and direct its gaze at the future. That is where new credibility is to be found.

Middle-class youths of today have fresh and moderate opinions which, one would think, are of interest to Suominen's staff, which proved to be indecisive. For one thing, the young people have read their Kekkonen closely. He is judiciously quoted and found to be a suitable model--not just in foreign policy.

It is pertinent to the matter at hand that a struggle in the Conservative Party between static conservatism and a progressive trend has been going on for decades. The youths have, of course, at all times represented the Conservative Party's flexible line. Now and then their ideas have been beyond the old-timers' power of comprehension. It does not need to be that way today.

In the opinion of Conservative Party youths, unanimity on the relative importance of matters essential to society has turned against itself. Therefore the consensus may go. They are disturbed by the supremacy of labor market organizations, political officials and the party elite. Or, youthfully: "...as they grow older, the mechanisms for the use of power have a tendency to begin to stink."

It is believed the parties will continue to stress their service nature; the parties' service indices can be found tomorrow in the open registers. On the other hand, it is hoped that they will again be transformed into intellectual aggregates which have clear ideologies and goals. In addition, they should be made dependent on the membership's contribution to party work.

In the youths' opinion, the current party leadership lacks the ability to be a force which inspires members and supporters. They therefore long for

forcefulness in the Conservative Party leadership. The secret machination also includes the observation that thinking persons, intellectual capital should be brought into the party. The youths have a theoretical philosophers' stone, which in practice may remain undetected by them as well: "The Conservative Party's current course has its possibilities, if it is able to blend in the correct proportion the party's tradition, the last 10 years' doctrines on collaboration and foreign policy, and the doctrines of the new critical citizen." It is this easy--in all its simplicity.

12327

CSO: 3617/5

## FORMER CP CHIEF SAARINEN TELLS OF CPSU TIES IN BOOK

Helsinki HELSINGIN SANOMAT in Finnish 30 Sep 84 p 19

[Review by Janne Virkkunen of book "Suomalaisen Kommunistin Kokemuksia" [The Experiences of a Finnish Communist] by former Finnish Communist Party chairman Aarne Saarinen, Tammi, 1984]

[Text] Long-term (1966-1982) SKP [Finnish Communist Party] chairman Aarne Saarinen is one of the power figures of Finland's postwar politics. In the opinion of the general public, along with Taisto Sinisalo he has become a symbol of the Communists' civil war. Saarinen, 70, is now retired, but Sinisalo, 58, continues the fight as the SKP struggle finally turns into the home stretch.

For many years Saarinen has been one of publishers' biggest objects of prey. Finally the old Communist leader has given in: The book "The Experiences of a Finnish Communist" has come into being.

It is not an ordinary volume of memoirs, but more an accounting of the author's own, quite Finnish world of thought and the events that have most profoundly influenced it.

Saarinen briefly recounts his childhood and his career as a trade union leader, chairman of the Construction Workers Union and a member of the SAK [Central Federation of Finnish Trade Unions] leadership hierarchy.

Almost 20 years in Parliament are left almost unmentioned. Perhaps that expresses the little value Saarinen attaches to the use of power in Parliament.

Two chains of events entangled in one another: the Communists' internal fight and how they relate to the Communist Party of the Soviet Union (CPSU) as well as how the CPSU relates to the affiliated Finnish party, constitute the red thread of the former SKP chairman's book.

## Dark Horse

Saarinen devotes one chapter to Koivisto's election. With harsh words he criticizes his party's Stalinist minority, repeats his doubts about Mauno Koivisto as a personage and relates that he proposed Kalevi Sorsa as a joint presidential candidate of the Left.

This chapter does not contain any great upheavals either but, in writing about contacts with Governor Esa Timonen with regard to the nomination of Ahti Karjalainen, Saarinen probably confirms the fact that the talk about Karjalainen as a possible dark horse was by no means unfounded.

Saarinen gives a detailed account of his relations with the CPSU. These passages are indeed the most enlightening in this work. Many national factions have conflicting views of relations between the SKP and the CPSU and the effects they have on relations between Finland and the Soviet Union.

Saarinen, however, demonstrates that national relations and party relations are neither to be equated with nor mechanically compared with one another.

In Saarinen's opinion, the facts indicate that national relations are more important than party relations. This, of course, stems from the fact that not ideological, but many other factors govern relations between nations, whereas primarily ideological issues and the tactics closely associated with them and behavioral norms affect relations between parties, Saarinen writes.

He clearly defines his position from the Finnish point of view: "I go on the assumption that every country's communist party is specifically responsible for its own working class and that it knows its own country better, its history and traditions as well as the common feelings and aspirations of the working class, than does the communist party of some other country.

"This does not mean that there is no reason to listen, for example, to CPSU views on and appraisals of issues of interest to both parties. But one must have the right to present one's own views and also to reject views that do not appear to be right from, for example, the SKP point of view," Saarinen says.

He also lays emphasis on the Berlin position paper issued by the communist parties dating back to 1976 in which the right of every national party to engage in independent actions is recognized.

Saarinen feels that in favoring the Stalinists the CPSU is meddling in SKP affairs. Saarinen criticizes the Stalinist opposition for its excessive submissiveness to the CPSU because of its bias for the Soviet Union.

#### Information on Occupation

One milestone in the SKP's internal dispute was the occupation of Czechoslovakia in August 1968 effected by the Soviet Union and the other Warsaw Treaty countries.

The party majority headed by Saarinen regarded the occupation as damaging to the international worker movement while the Stalinist minority extended its unreserved support.

As a result of the occupation, the SKP canceled its 50th anniversary celebration because the atmosphere in the country was not favorable to Communist



celebrations. As a result of the cancellation, CPSU representatives who were visiting in Finland reported that "the SKP has made its first independent decision."

The occupation of Czechoslovakia clearly continues to trouble Saarinen, whose sympathies were strongly in favor of the reformers led by Aleksandr Dubcek.

In connection with the same affair, Saarinen reveals that he, along with Ville Pessi, got word of the start of the occupation a few hours before zero hour. Furthermore, as early as the end of July a Soviet diplomat had made inquiries about how the SKP would react if armed force were used in the case of Czechoslovakia.

It is regrettable that Saarinen does not in any great detail touch upon his own actions as chairman of the SKP. He does not consider whether some matters might have been handled otherwise so that the SKP's internal situation would have developed in a different direction. Saarinen lacks the self-criticism that is characteristic of communists.

However, Saarinen offers his opinion of the SKP's chances now that the opposition led by Sinisalo is outside the party administrative organs.

According to Saarinen, Sinisalo's faction must either found its own party or submit to chairman Arvo Aalto and first secretary Aarno Aitamurto, among other things.

Saarinen hopes that Sinisalo and his faction will have enough feeling of responsibility and sense to submit because that would be a better alternative for the entire worker movement than a definitive split.

Saarinen's book is no great work, but it is a fluently written statement on Finnish politics viewed from the Left fringe. Known to be an outspoken politician, Saarinen has not disappointed his readers this time either.

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## SKDL'S ALENIOUS ON IMPACT OF CP RIFT

Helsinki HELSINGIN SANOMAT in Finnish 30 Sep 84 pp 29-30

[Article by Pekka Vuoristo]

[Text] "Now is the time for the SKDL to consider its own policy line," says leading socialist figure Ele Alenius. He calls on the Communists to discuss matters and reminds them that, if the front organization breaks up, the socialists may found their own party.

The Finnish People's Democrats have awakened as if from a dream this fall.

The 18-year nightmare seems to be over. The Communist Party (SKP) is being purged. The moderate majority is leading it with an iron hand. The Stalinist minority is busy with its own organization.

The SKDL's socialists and People's Democrats have been congratulating one another: This is just what we'd hoped for!

And then suddenly they have been stirred to ask the question: What now?

During the dispute the coalition was of unmistakable value. The SKDL [Finnish People's Democratic League] with its socialists was a gold mine for the moderate Communist majority.

But what will an SKP led by the moderates alone be like? What will become of it if the Stalinists go off entirely on their own?

Will it be self-assured, orthodox and tough? Or willing to cooperate and open-minded? Will it endorse cooperation with the socialists on an equal footing and SKDL independence? Or will it demand a leading position?

Will it in general need the whole SKDL any longer? Or will it on the contrary become so civil that it hugs the SKDL to death?

To boot, the SKDL is electing new leaders. Supporters do not know what is going to happen and under whose leadership.

Many of these questions would hardly have arisen without Dr Ele Alenius. During his long term in the top leadership of the SKDL (1963-1979), an ideological counterforce to the Communists, the "blue-and-white" socialists, came into being. During that period the SKDL began to change from being a Communist stooge to a cooperative organization in which questions as to the conditions for cooperating can in general be raised.

Ele Alenius sits on the board of directors of the Bank of Finland, but he is still a leader and policy-maker of the socialists. When the socialists now ponder what will happen to the SKDL as the SKP changes, they ask Ele Alenius about it first.

In the midst of all the confusion over organization policy, his reply is surprising:

"Hardly much of anything."

#### Great National Mission

In Ele Alenius' opinion, the confusion has begun at the wrong end: They should determine who will be leading them, what the balance of power is and how the parties to the matter relate to one another.

Alenius wants to first of all ask what the SKDL will do — whoever leads it and whatever the balance of power may be.

The SKDL's "first great national mission," the shaping of relations between a nonsocialist Finland and the Soviet Union, has, in Alenius' opinion, been accomplished.

"We must progress from this point. Does the SKDL have a great new national mission? Or will it be content with promoting the in themselves important immediate interests of its traditional support base?

In Alenius' opinion, a "second national mission" is being offered, if only the SKDL is capable of accepting it:

"How will Finland accept the profound changes in its economy and production stemming from scientific and technological developments? People's lives will change greatly. It is clear that our basic social structures will then also change."

Alenius listed the questions: How will a society in which much less labor than now is needed be structured? What will people whose labor is not needed do? Will they be part of the working class? Where will they earn their living? How will their spiritual balance be preserved?

These questions are being pondered everywhere. "This is a time of great ideological searching," Alenius said. But, while many people are seeking solutions without changing social principles, the SKDL must find a solution precisely because of the change in fundamentals.

As a solver of these problems, the SKDL must be capable of placing itself in the forefront. If it is incapable of doing so, it will continue to be a second-rate movement," Alenius said.

The key word is ideology. To be capable of carrying out "its great mission," the SKDL must "clarify its ideology, which is largely undefined." Alenius insisted that the old ideological models are not as such good enough; they have to be revised.

The socialists are already feverishly looking for solutions to, for example, worker self-management, the so-called Yugoslav model. Now Ele Alenius is challenging the Communists to participate in the quest for "new models."

### A Lenin-Sized Challenge

Thus Alenius is confronting the Communists with a Lenin-sized challenge.

An orthodox Leninist is familiar with only the communist ideology. A cooperative organization like the SKDL may not have its own ideology. It must merely carry out practical reforms for which the Communists indicate the ideological course to follow.

When the SKDL was founded in the 1940's, it had no ideology. Through it "democratic" citizens of all political convictions planned to implement social "progress," which in the final analysis Communist ideology dictated.

But in addition to just socialists of different convictions, Communists joined the SKDL. Some of them for some time even served as organizational members but, since there was no ideological room for them alongside the Communists, their activities ceased. Many became frustrated and left, some were actually kicked out of the party.

In the 1960's Ele Alenius began to work up the "Finnish socialism" model, which clearly deviated from the Soviet system. A powerful movement sprang up about the idea and the notion of "a democratic path to socialism" also won over some Communists, the present-day so-called moderates.

In adopting socialism in its platform in 1967, the SKDL slipped away from Lenin's ideas. The Stalinist Communists have not really swallowed that yet either, and they will not swallow it.

But the moderate Communists also swear by Lenin's name even though they did endorse socialism as an SKDL objective.

And now, just when the moderate-led SKP should prove itself to be the only "proper" communist party, Alenius is demanding that they meet at a common table to consider an ideology of its own for the SKDL — to consider what socialism really is.

"The important question is whether the two communist parties that may come into being would compete with one another in terms of Leninism. Or whether the SKP



led by the moderates would be capable of practicing creative Marxism, of asking what the requirements of the present moment are," Alenius added fuel to the fire.

#### Extremely Difficult Cooperation

Ele Alenius did not agree to go into the problems of organization politics until after those of SKDL missions and ideology.

"A discrepancy has arisen inside the SKDL. The SKP wants to cooperate with the socialists. But, according to Lenin, the communists constitute a vanguard which must occupy the lead position. We can assume that the moderates are better capable of decisively overcoming the conflict [of interests] than the Stalinists.

"There is such a deep-seated difference between the moderates and the Stalinists that, in my opinion, the Stalinists and the socialists would in no way belong to the same movement," Alenius said.

He said that at one time he was "annoyed and offended" by the fact that the SKDL was only a Communist front organization. Since the 1960's the SKDL has been more of a Communist "support and aid organization" which the Communists have taken advantage of.

But Alenius said that, while the SKDL is now advancing into "a period of ideological searching," during this time they should also be capable of cooperation on an equal footing.

"A challenge to cooperate is usually a big problem for the communist movement. In Finland the moderate Communists now have a chance to show that they are capable of democratic cooperation.

"If we can't start off on that basis, we don't really need the SKDL," Alenius boomed. If the Communists are incapable of cooperating, ideological reform will not be produced and then the SKDL will be incapable of accepting "its great mission."

But when Alenius should have said whether he believed the Communists were capable of this, he was silent for a long time.

"Hm, do I believe that?" he asked himself. "It would be easy to say that I do. But for me it certainly is an open question.

"Some are capable of it, some not. There are an awful lot of narrow-minded individuals among the moderates."

On consideration, however, Alenius said that he supposed that the SKP is capable of looking at things in a new way:

"It is an absolute requirement for the future development of the SKP if the SKP wants to have support and influence in Finnish society," he argued.

## Terrain for Their Own Party

With what kind of muscle does Ele Alenius, whose support amounts to one and a half subway cars full of socialist idealists, set conditions and make demands of the Communists?

The socialists' visible political power was at its height during the elections of Mauno Koivisto's government and the president. The SKP was incapable of making decisions, being instead led by the socialists. But since then hardly anything has been heard from the socialists.

"When the SKDL was left in the opposition, attention was naturally focused on SKP affairs. Furthermore, the discussion begun in 1978 on so-called models of socialism came to a halt. We have, nevertheless, achieved our most important object, the public announcement of our own principles for the handling of national and international affairs, which have also been widely accepted," Alenius explained.

But, according to him, the socialists' position in the SKDL has remained unchanged. It is based on the ideal of "creative socialism." Socialist influence on ideological reform is important to the Communists too because a large portion of the support for the People's Democratic movement depends on it.

The balance of power in the SKDL has never been tested in such a way that supporters would have to choose between Communists and non-Communists. Alenius, however, noted that the socialists get tens of thousands of votes in elections, some of them from Communists too.

"The socialists could have been much more tightly organized as early as the 1970's. We didn't do that because we knew that many moderate Communists were then joining us and abandoning their own party.

"At that time the moderates might have lost the party to the Stalinists. We didn't want that because the spirit of SKDL cooperation would no longer have been possible after that."

Alenius predicted that, if the moderate-led SKP were now to feel that there is no need for cooperation with the socialists on an equal footing, the SKP would become a rather small party.

"If the SKDL splits up, some supporters will go to the SKP and some to the socialists. But a sizable number will just disappear to somewhere else, as many already have because of the SKP dispute," he argued.

The socialists are ready to found a party if necessary. If the Stalinists had won at the SKP congress last spring, a party would already have been founded.

"The socialists would have their own terrain between the Social Democrats and an SKP in which the Stalinists would have a great deal of influence. And there is nothing to prevent us from continuing to think about such a terrain either. But the terrain will not resolve the question as to whether we should found our own party.

"Those who are in neutral territory should be thought of as a bridge for the development of cooperation with the Left. I feel that our present opposition status will be merely an interim phase. The SDP [Social Democratic Party] hasn't moved so far to the Right that there might be no chance of its cooperating with the Left," Alenius thought.

Ele Alenius is also willing to toy with the idea that the SKP may reject Lenin and become so "creative" that the difference between it and the socialists will disappear. This would be the kiss of death to the SKDL in its present form.

Alenius does not believe that Lenin will be abandoned because Leninism "characterizes" the SKP. But in the course of time the idea is not impossible:

"At that time the issue itself will be seen as being decisive and the party as merely a means to an end. If our policy line is a common one, so what — we will establish a common socialist party that is not communist in the traditional sense, just as Aarne Saarinen too has recently speculated."

#### Affiliated Party Problems

While one of SKP chairman Arvo Aalto's eyes is fixed on the socialists, the other eye has to look to the East. If the SKP splits up now, the two communist parties will be forced to fight for the favor of their Soviet comrades.

Only taking an oath in the name of Lenin will offer even a hope that the Soviet party would retain the moderate-led SKP as an affiliated party.

"The CPSU has for a long time now supported the Stalinists. Competition was engaged in even during the time of the party rift. If there are two parties, it will scarcely change the way the moderates react," Alenius surmised.

In his opinion, the moderate SKP will have to resolve its relations with the CPSU and practical socialism in such a way that it gains support "at home as well":

"Otherwise there would be two parties, both Stalinist in nature, and there's no sense in that.

"And does the CPSU have any reason to cut off relations with a moderate-led SKP? The SKP certainly wants to preserve relations, even though it does operate less dogmatically than the Stalinists."

The CPSU has always reacted coolly to all those parties throughout the world that have wanted to realize socialism in a way different from that of the CPSU. In Finland too, the socialist SKDL has poorer relations with the Soviets than, for example, the nonsocialist Center Party.

The CPSU has always chosen ideological purity, the tenser the world situation has been, the more rigidly so. And now the world is at its coldest since the cold war years.

Ele Alenius nevertheless remarked that "evolution does not advance as a circle, but as a spiral": We constantly move to a higher level.

"Before World War II the Soviet Union was still in a transitional phase and doctrinal purity was a delicate subject. After the war there was the international cold war phase and ideological tension was associated with that.

"But nowadays one would think that the Soviet Union is so strong that it can afford to react open-mindedly to the differing views of other communist parties and socialist forces. As I see it, it would be to its own advantage," Alenius figured. He found arguments to support this in the domain of world politics:

"Think, for example, of the importance of Western Europe. While it was closely tied to the United States after the war, it now has the material and intellectual resources for it to again be able to go ahead and follow a more independent course.

"The more independent it is of the United States, the more naturally it can develop its relations with the socialist countries too — on the basis of the interests of both sides," Alenius noted.

"Here again, the kind of basic ideology a society has developed is very important. In this situation we would expect the Soviet Union to be as understanding as possible with respect to the different tendencies striving for socialism.

"This is an unusually big issue in terms of world politics, one reflected as such in Finland too," Alenius said.

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## SINISALO STEPS UP DEMANDS FOR SPECIAL CP CONGRESS

Helsinki HELSINGIN SANOMAT in Finnish 1 Oct 84 p 10

[Article: "Sinisalo Still Demands a Change of SKP Leadership"]

[Text] The Finnish Communist Party's (SKP) Stalinist minority is still demanding a change in the party leadership, which is in the hands of the moderates, at a special congress.

Leading Stalinist figure Taisto Sinisalo delivered the minority wing message, strongly worded in its old style, at an SKP district meeting held in Kuopio on Sunday.

According to Sinisalo, they need "a party-unifying special congress," whose mission it would be to correct the mistakes of the 20th congress held in May.

Assembled in force at the 20th congress, the moderates championed Arvo Aalto as chairman. The Stalinist minority, which committed suicide [with its opposition] to Aalto's candidacy, was excluded from the party administrative organs when it refused the seats offered by the moderates.

According to Sinisalo, the policy line pursued by "the conservative faction headed by Aalto" has driven the SKP into a division that is deeper than ever. He charged moderate leaders with having used divisive actions to strengthen their position.

Sinisalo charged moderate leaders with having reevaluated the nature of the SKP and its policy, with attempts to divide the parliamentary delegation and with plans for merging the SKP into the SKDL [Finnish People's Democratic League] as well as with dismissing people and divisive actions in Turku, Uusimaa, Kainuu and Lapland.

Immediately after the 20th congress the eight Stalinist districts presented a demand for a special congress. According to Sinisalo's interpretation, SKP rules require the organizing of a congress "to deal with matters raised before it by the district organizations."

In Sinisalo's opinion, the moderates are guilty of having violated the rules when they declared the May resolutions "to be irreversible."

Sinisalo presented matters outlined by the Stalinist districts that should be dealt with at a special congress. Among other things, the Stalinists are demanding the selection of new party leaders, a new Central Committee and a supervisory bureau, an official document formulating the "unification and strengthening" of the party and a political paper clarifying the May resolutions in a more precise manner.

Chairman Aalto has given the Stalinists until the end of October when the Central Committee next meets, at which time, according to him, the fate of the SKP will be much clearer.

#### "Slight Softening"

On Sunday moderate sources felt that Sinisalo's speech indicated a slight softening in the Stalinists' basic positions. In the demand for a special congress the Stalinist districts submitted to the Central Committee they were still proposing that all the position papers approved in May be amended.

Now the Stalinists appear to be altering their course of action and endorsing the foreign and domestic policy papers formulated in May. Sinisalo is demanding a political action program that "clarifies and makes them more specific."

Sinisalo is still demanding that the organization policy paper, which requires that the Stalinist districts be restored to a state of discipline, be amended. Moderate sources interpret this and the demand for a change of party leadership as an attempt to continue the power struggle.

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## KKE (INT) REPORTEDLY WISHES TO ABANDON COMMUNIST CHARACTER

Athens ENA in Greek 13 Sep 84 p 13

[Text] It is well known that one goal of the KKE is to participate in the government. But the more the relations between PASOK and the KKE deteriorate, whereas at the same time the political weight of the KKE (Int) increases, the more any conjecture concerning a possible participation by the Left in a governing configuration will pertain to the KKE (Int) to a greater degree than to the KKE.

At least this is how developments in the sector of the Left are being perceived by the officers of the two communist parties. On the one hand, in the KKE the idea has finally taken shape that concerted action with PASOK "drives away votes and leads to inner-party grumbling." Consequently, when simple concerted action with the government is met with suspicion, it is obvious that participation in the government is becoming further removed from the objectives of the KKE.

The political reasoning of the officers in the KKE (Int) is the reverse.

In this party, it has become common knowledge that there are no other possibilities for obtaining electoral rewards aside from the party's more general political character and the personal charm of Leonis Kyrkos. Every additional vote which will be given to this party, as well as those which are retained, must have a direct political reflection. This condition is ensured only by the prospect that the party may play a governing role, or by making such a prospect plausible.

But whereas all the leading personalities of the KKE (Int) admit the necessity of this policy, they disagree in a rather categorical way about the prerequisites for carrying it out.

Thus, on the one hand the secretary G. Baniyas, the former secretary B. Drakopoulos, and K. Filinis, known as the "theoretician" of the party, believe that what matters most is to strengthen the KKE (Int) in its present identity as a communist party. Indeed it is worth noting that B. Drakopoulos considers the objective of a coalition government with PASOK to be more a "propaganda tool than a direct political goal."

On the other hand, many leading officers believe in the necessity to change the KKE (Int) over from a party which is a branch of the communist movement into a broader political organization on the Left. Siding with this view are L. Kyrkos, A. Brillakis, P. Kounalakis, Gr. Giannaros, Ang. Diamandopoulos, and others.

In this way, these leading officers of the KKE (Int) believe, it will be easier for their party to appeal to broader political and social circles which are disassociating themselves more and more from the influence of other parties, and especially from that of PASOK.

For L. Kyrkos, the creation of a new vehicle of the Left has as its objective to accommodate together in it the KKE (Int) and forces which today either follow PASOK or are mobilized by PASOK. "Our own perceptions are espoused by many officers in the left wing of PASOK, on whom the KKE (Int) exerts an influence," asserts L. Kyrkos.

This proposal by L. Kyrkos is under fire from the direction of other officers, who are standing firm on the communist character of the party. These officers, such as B. Drakopoulos and K. Gavroglou, who are both members of the Executive Office, charge the Eurodeputy on the one hand with catching the members and officers of the party by surprise with his proposals, and on the other hand with trying to form a "new leftist PASOK" in place of the present one. But this would be just as amorphous and catchall as the present governing party.

And L. Kyrkos answers both charges by emphasizing that all "decisions must be made without haste and collectively by the members of the party." As for the charge about replacing PASOK, he denies it categorically, stressing that the new body will not be a copy of the catchall PASOK, but a party of Greek working people with clear objectives and with a class character.

It is improbable that this disagreement within the leadership of the KKE (Int) will develop into a conflict. Everybody agrees that for each choice a simple majority is not enough, but that a true consensus is needed. And also for the additional reason of the moving up of the date of the elections: Electoral marketing teaches in this case that "for a party, the unfortunate but familiar name is preferable to a new and unknown name."

Thus, even if the name "KKE (Int)" is usually confused with the name of the rival communist party, nevertheless it is very likely to be the emblem of the party in the coming parliamentary elections also.

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## PAPANDREOU'S TACTICAL ERRORS, KARAMANLIS RE-ELECTION DESIRE

Athens ANDI in Greek 14 Sep 84 pp 12-14

[Article by Stelios Kouloglou]

[Excerpts] We feel like cheated Greek moviegoers who have paid to see a western and who are shown a melodrama instead. Where the program had printed "Duel in El Greco" [sic] and we expected--we are not joking here--to be watching a conflict on which depended the political future or even the political life of the protagonists, with it even being possible for the lead to hit the one who paces off the steps, namely K. Karamanlis, suddenly they give us "Gone With the Wind."

Why Are Not Elections Going to Be Held?

But the wind cannot also "sweep away" the fact that in these 15 days Papandreou has suffered a political defeat which is perhaps the most serious he has ever had since assuming the premiership, and in a way which he had not accustomed us to hitherto. Our memory along with the memory of this country has faded, of course, but not to such a point that we have forgotten that this was the same person who initiated the "speculation" about the elections.

Because beginning with the famous attack against K. Mitsotakis in the days following that person's election, he introduced an election-campaign atmosphere which the entire government catered to.

The elections were postponed for a reason entirely different from that which the newspapers, both pro-government and oppositionist, insisted on presenting. It is not the case that the president of the republic "sent word" that he would not accept early elections, because--as we will analyze below--he would not risk a head-on clash with Andreas, even if the president really did not want these elections. Nor did the objections within PASOK play the chief role in the final decision, since it is known to everyone that the leader of PASOK can easily impose his decisions on the party. Nor of course would the invoking of critical national issues create a major problem, since in any case the ill-starred Cyprus question is in a phase no less critical now than in 1977, when it was used again as a pretext for proclaiming early elections.

It was very simply the case that the premier understood, even if only at the last minute, that as things had transpired the hastening of the electoral process would have been construed even by the most humble citizen as a "settlement of accounts" with Mitsotakis. And in politics, the creation of mutual fear is sometimes catastrophic.

#### How Papandreou Lost a Political Battle

Papandreou should either change his political advisers or listen to the ones he already has. In all countries--as far back as from the age of Machiavelli in the 15th century--first of all tactics are planned, and later on they begin to be realized, after all the moves, obstacles, diversions, and so forth have been anticipated. In recent days we have been observing the exact opposite: First the premier gives a speech on his own initiative--as it turns out subsequently--which contains a very violent attack against Mitsotakis. This attack is justified only if it initiates the pre-election period. Otherwise it is a mistake, since it vindicates the choosing of Mitsotakis in the eyes of the opponents and elevates the person reviled into a beneficiary of popular dissatisfaction a year prior to the elections. And after all these things, the administrative staff is beginning to seriously study the prospect of elections!!

And on the one hand it can be said that all these maneuverings as well as the--unfortunately clever--responses from the leader of the ND do not carry a high political cost, since they are followed by a constantly shrinking circle of people concerned with politics and its distorted Greek version. Papandreou's defeat lies in the fact that for 15 days he presented to the majority of the people the image of an irresolute leader, just at a time when these people want stability and decisiveness, and his popularity is due to a large extent to precisely these virtues.

And the wavering of the premier, as well as in particular the concerns about the hastening of elections, are due to the fact that the promotion of the defector of 1965 to the leadership of the official opposition raises a personal problem for the premier himself: For Papandreou the coming elections will be "life-or-death elections," as a top PASOK officer expresses it. If today and from a position of strength he refuses to speak with Mitsotakis, it is much more unlikely that he would do this if he were to pass over to the official opposition in case of an electoral defeat. But what could be done by a defeated leader who was compelled to engage in talks with his worst enemy? In any case, either because the weapon of surprise had been lost, or because this "grudge" did not prevail over more general necessities, the electoral confrontation was postponed. And the main thing is that we have escaped from elections which would have been of such a poor quality that even the recent Euroelections would have flushed with shame at the sight of them.

#### The Prospects and the Dilemmas of Karamanlis

But have we "escaped"? The statement by Papandreou includes this "cunning" excerpt: "As far as we are concerned, the elections will be conducted in October 1985." And since Mitsotakis surely will not ask that they be moved

up, this sentence applies to the president of the republic, who after the election of Mitsotakis seems to be less strong than he was previously.

Let us not hide our heads in the sand. The current president of the republic did everything he could to get Stefanopoulos elected. Moreover, it was he who had given the "green light" for the removal of Averof to the Parliamentary Group at the end of July, simply by shifting the date of this move so as to be able to discuss matters with the premier prior to this, but in any case he perceived that the election of the political figure from Patrai was certain.

Following the election of the new head of the ND, the biographers of its founder will have to add one more volume to their opus. Not only because Karamanlis is now paying for the mistakes of the past: That is, for the construction after 1974 of a political system not based on parties' political platforms, but one which was authoritarian and paternalistic, cut and tailored to the standards of certain paternal leaders who are surprised some day to have to suffer the rebellion of their ill-mannered children.

But above all because the election of Mitsotakis signals a new period for the faction which Karamanlis himself founded, since it is just Mitsotakis who chooses the "here and now"--and "disengagement" by all means, instead of a serene parliamentary game which its founder would like. And because in refusing in this blatant way to go along with the latter, Mitsotakis deprives him of a significant part of his power. The two weapons which K. Karamanlis has had at his disposal up to now in the political game--that is, his popularity and the control of the ND--are in the process of being reduced to one.

Today, K. Karamanlis has one primary aspiration: To be chosen again as the leader of the State, but this time by the unanimous decision of at least the two largest parties in the Chamber of Deputies. Those who from time to time give us the scenario of his probable withdrawal from political life either are suffering from cretinism or at best are playing various political games and pulling the legs of their readers.

Thus, to a much greater extent following the election of Mitsotakis, K. Karamanlis is forced to bury the hatchet with PASOK.

And perhaps the points of this "deal" are the acceptance by K. Karamanlis of certain of PASOK's positions, as well as keeping in check the official opposition, to the extent that this can be achieved by its founder.

#### The Battle at the Center

In contrast to what was expected, the new leader of the official opposition has not gone on to sharpen the political climate following his election. His tactics consist--for the present, at least--in letting his opponent compromise himself while he himself presents a "centrist" image.

If this has to do with a more lasting policy, then the danger for PASOK lies precisely here: That is, in the loss of voters from the Center, who

perhaps constitute also the shifting portion of the electorate, and thus that portion which decides elections. And these people may "come back home" despite the blemished past of the ND leader.

PASOK is not in danger from its "left." PASOK is compelled to work out an opening in the direction of the Center, at the same time restoring to the government a look of decisiveness and also of accomplishments, and this seems very difficult to do at present.

#### Approaches of Koutsogiorgas and Mitsotakis

K. Mitsotakis was not elected because of the intervention of "foreign and domestic monopolies." Of course, they have every reason to rejoice at the election of a person who would not hesitate to participate in any project if this were to lead him into power. But the election of Mitsotakis was the expression--whether we like it or not--of the will of the majority of the ND's rank and file, and for at least one more time its deputies have found themselves to be in surprising harmony with the party machinery. If a person were to get beyond the pseudo-anti-imperialistic blinkers and ask one of these why they voted for or why they supported Mitsotakis, he would receive the same answer: "Yes he is in disrepute, a defector, and an alien presence. But he is the only one who can deal with Andreas."

#### The Ultimate Weapon: The Electoral Law

What is most likely is that PASOK will not be able to change its way of thinking but will be forced, now that the elections have been postponed, to change the electoral law, in accordance with its repeated statements and proclamations.

This is a weapon with an effect on "all parties": Ranging from the KKE to the ND. In order to show by deeds how it has "changed," PASOK ought to introduce as soon as possible the system of simple proportional representation (so as to facilitate processes within the ND), also for the purposes of clarifying the terms of the game.

Although this weapon, if used in a contrary way--that is, within the framework of electoral "tampering"--can boomerang on its inspirers. Just as did the abolition of the voting mark, which because it did not appear in a democratic climate ended up constituting one of the chief weapons used by K. Mitsotakis for the control of the ND. Let us not forget that the elections are not very far off. And they will be "life-or-death elections."

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## PASOK ADVISED TO REJECT SELF-SUFFICIENCY THEORY

Athens KYRIAKATIKI ELEVTHEROTYPIA in Greek 16 Sep 84 p 8

[Article by Aristeidis Manolakos]

[Excerpts] The chapter on "elections" has come to an end for the present, after the necessary political conditions for the early conducting of these were not secured: A persuasive justifying reason, a unified governmental and party stand on the part of PASOK, the concurrence of a portion of the other political forces, and a convergence of views at the top of the political hierarchy.

Now elections have been avoided, not because the premier has passed judgment on the differing views and "documentary reports" of his associates and has espoused the opinion of those who support continuing to the end of the 4-year period, but because things did not "work out" for him. And they did not "work out" for him because for the first time since 1981, following the Euroelections it was evident that the terms of the political game are not defined merely by the governing party. There are also other factors which "play" on the same field and which directly or indirectly, positively or negatively, help to decide events.

The 10 days of election talk were put on trial and were deemed to be essentially an "arrogance of power" which issued from the perception that once PASOK assumed the governing of the country, now everything was subordinate to its will. But in recent days it has been clearly evident that a political choice, the hastening of the elections, which--in the opinion of this column--was beneficial to PASOK, since it gave it the opportunity to try once more to achieve self-sufficiency, could not "make any progress" precisely because it went beyond the "agreements" within which any parliamentary government is permitted to act.

The chance for a new, self-sufficient majority for PASOK if the elections were held right now has been given by the recent election of Mitsotakis to the leadership of the ND. We believe that the government will not have this chance at the end of the 4-year period. Already the Euroelections constitute the harbinger of a new period during which the formation of a government will require the vote or the indulgence of a greater number of parties or parliamentary groups. This prospect enhances the democratic institutions and creates the necessary conditions for a steady march in the

direction of progress, with the proviso that the possibility of the Right returning to power is excluded.

After the decision by the premier to not recommend the early dissolution of the Chamber of Deputies and the manifesting of his intention to proceed to the end of the 4-year period, there are not many choices left to the government for keeping open the path towards progress and the democratic reshaping of the country.

The first is to do what it can--and neither time nor the structure of PASOK permit many things to be done--to see to it that we arrive at the elections of October 1985 without new rifts among the progressive democratic forces. This means that it should abandon its policy of forcing dilemmas on those in the leftist camp and that it should immediately expedite measures which will ensure equal terms in the democratic political game.

The second is to deliberately abandon the theory of self-sufficiency--that is, to abstain from jeopardizing the governing of the country, to avoid "staking" its power "on a throw of the dice" in the name of self-sufficiency. This means to immediately submit for passage in the Chamber of Deputies a law with which it can institute the system of simple and unadulterated proportional representation--and not some "system" of proportional representation which will conceal an intention to usurp votes. There will be reactions from the Right, and perhaps the president of the republic will not concur, since his opposition to simple proportional representation is known. But as long as the law is clear, the political correlations will be on the side of the government.

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## CONTINUING DEVELOPMENTS IN PASOK-KKE RELATIONS

## KKE Hardliners Against PASOK

Athens MESIMVRINI in Greek 19 Sep 84 p 2

[Article by Nikos Khatzinikolaou]

[Text] The recent speech of KKE Secretary General Kharilaos Florakis at the KNE [Greek Communist Youth] festival was met with open astonishment by the press and political observers.

His attack against PASOK has been called particularly tough and certain people have even been talking about a change in KKE tactics vis-a-vis the government.

The reality is different, however, say those who know affairs in KKE better.

The KKE line vis-vis the government has been for a long time that which Kharilaos Florakis simply presented in completeness on Sunday, 16 September.

The mild tactic of confrontation with PASOK adopted by the KKE secretary general met in recent months with the fires of intra-party contention and was quickly forgotten.

The "hardliners" group, which is led by PG [Politburo] member Grigorios Farakos, seized the message from the base which was displeased with "the role of the apologist for a policy which, at the bottom line, is not our own."

The machinery--which the hardliners absolutely control--was then mobilized to "ferment" with the base the new line.

Organs of this effort of Farakos were RIZOSPASTIS, the Athens Party Organization, KNE, and the Makedonia-Thraki Party Office which he controls totally.

The Athens Party Organization, under Dim. Gondikas, former KNE secretary, was the first to begin implementing the "hardline" turn.

The neighborhood organizations and base organizations at work places passed into frontal confrontation with government syndicalists.

Farakos' political friend, Khr. Tolis, and S. Konstandis (Tsolakikos), B. Angourakis, S. Kavkalas, Th. Karagiannidis and P. Papakonstandinou, all members of the KNE Central Council, "passed" the turn onto youth.

Thus, since the end of April, KNE cadres in schools and universities have been hardening their position vis-a-vis PASOK.

At the same time, RIZOSPASTIS' criticism of PASOK was intensified.

At any rate, despite KKE's tough wording, it does not yet appear inclined to exercise real opposition to PASOK through the mechanisms--mainly syndicalist--at its disposal.

Authoritative KKE circles reported yesterday that Florakis' speech "gave the impression of tough criticism without adding any new element to our tactic heretofore. It simply synthesized," they stressed, "what the party has been saying at various times in various places."

As for Florakis' proclamation that after the election there must be a "democratic government with a wider assent," the same circles maintained that this KKE proposal has been permanently in force since 1981 when it was expressed in practice with the party's effort to enter into the second distribution.

At any rate, Florakis' speech was characterized by many people as an effort to appease the Farakos group which has now set as its second target moving to a "real, dynamic opposition."

Chernenko: Florakis Unfailingly For USSR

Moscow, 19 September--"The unbreakable bonds between the Soviet Communist Party and KKE are symbolized by the Lenin decoration awarded to the party's secretary general, Kharilaos Florakis," stressed on 18 September the Soviet leader, Chernenko, in a special ceremony at the Kremlin.

Chernenko said, addressing Florakis: "You are not only a person who embraces the same ideology as we do but also our country's true and unfailing friend." Diplomatic sources in Moscow emphasized that Chernenko's presence at the ceremony (given the bad condition of his health rumored for some time) "expresses Moscow's desire to develop its relations with the leftist Greek Government and its bonds with KKE."

Florakis stated in answer that "the Greek people favorably receive Moscow's support for a plan for a denuclearized zone in the Balkans" and he extolled the "indestructible bonds of KKE with the CPSU." More specifically, at the special decorating ceremony, the Soviet president referred to the contribution and activity of the KKE secretary general and his party and he praised the policy of the "democratic forces" in our country which are pursuing friendship and cooperation with the USSR.



### Reasons for Hardening KKE Stance

Athens KRIAKATIKI ELEVTHEROTYPIA in Greek 23 Sep 84 p 20

[Article by Panos Loukakos]

[Excerpt] It is useful for us to concern ourselves with something more serious than last Thursday's government reshuffle:

Developments in the KKE area and the line it appears it will follow vis-a-vis PASOK and New Democracy in the coming pre-election months.

There is no doubt that KKE will intensify its criticism from the left towards the government. This was to be anticipated as we approach elections. The new element is that KKE is not going to follow PASOK in its attack against Mitsotakis.

Already, last Sunday, 16 September, Kharilaos Florakis, speaking at the KNE festival, surprised many of his listeners by maintaining:

"The so-called [1965] defection, like the compromises of Center Union in the same period, were not an issue of only one or two people."

"The political dispute cannot be displaced from the present problems to historic memories and, in fact, memories which see one side of the picture."

"Today the issue is not the so-called defection of 1965."

Florakis surprised everyone with these references to the events of the defection. First of all, he surprised most of his listeners. Second, he surprised the government which expected assistance from the left in its attacks against Mitsotakis. Finally, he surprised New Democracy which did not anticipate that KKE would intervene so strongly in the whole affair. Thus, the question is for what reasons Florakis hurried to separate his position from the government attacks against Mitsotakis' past.

First reason: By reason of Mitsotakis' election, the government tried to polarize the political climate and wound New Democracy, citing its new leader's sinful past. This scenario does not interest KKE, however. It does not interest it because, in a polarizing showdown, with a focal point of the 1965-1967 period which is sentimentally loaded for the Left, KKE will have significant losses to PASOK.

Second reason: New Democracy, led by Karamanlis, legalized KKE in 1974. But the legalization was mainly formal since, in the decade which has intervened, KKE has been held on the sidelines of political developments. The 1984 New Democracy, led by Mitsotakis, could now legalize KKE tangibly, by acknowledging for it its political role as third party and expresser of a significant part of the Greek people. The Right was the one which erected the walls of anti-communism. For this reason, it alone can now remove their last remnants. It is possible Mitsotakis may accept this role. And in this case, the political gain for KKE will not be at all negligible.

It is clear that though KKE will continue its polemics against New Democracy, it will not get involved in personal attacks against its leader. On the contrary,

to the degree that these attacks influence the general political climate, it will intervene "to put out the fire" by characterizing them as disorienting and "attempts to evade" the presently existing problems.

This tactic, a preview of which Florakis gave last Sunday, is not unconnected to certain estimations of the KKE leadership about the course of the government and PASOK. According to these estimations:

First, the government is not going to take other steps to the left in its domestic policy. On the contrary, its future course until the elections will have a centrist direction.

Second, in the foreign policy area also, KKE believes that the government's future leftist overtures will be mainly phrasal, not substantive.

Third, in the economy, the KKE leadership foresees a government turn towards private initiative and removing certain measures and decisions which affected capitalists.

All these are estimations of the KKE leadership which, moreover, has publicly accused the government of "squinting towards the right." But there is one additional element which probably will prove to be determinative for future PASOK-KKE relations and that is the electoral law.

If the electoral law established by the government is called simple proportional, but maintains elements of the reinforced proportional, then the two parties' relations will rapidly deteriorate because the electoral law has a determinative significance for KKE, greater probably than for PASOK or New Democracy.

PASOK does not appear to have explored to their full extent these new tendencies prevailing in KKE, particularly after Mitsotakis' election.

Some very old bridges of communication between the two parties, the intermediaries being K. Laliotis and G. Gennimatas on the part of PASOK, do not seem to be functioning effectively any more. And the opinion that KKE's policy can be influenced "through other methods," not only through its leadership, always continues to prevail in PASOK. Certain PASOK officials seem to believe, for example, that Papan-dreou's coming visit to Poland (in October) will solve many of the problems in their relations with KKE. But, according to indications existing at this moment, reality will refute them.

As the situation is shaping up, the most logical scenario is that this winter PASOK-KKE relations will pass through a phase of great testing. The question is who will emerge the winner from this process. PASOK? KKE? Or another, third party?

9247

CSO: 3521/13

## GSEE AFFAIR COULD AFFECT DELICATE BALANCE WITHIN PASOK

Athens ENA in Greek 20 Sep 84 p 12

[Text] A turmoil has been caused in PASOK's party and syndicalist machinery by ENA's expose concerning the initiatives undertaken by the U.S. Embassy to come into contact with a GSEE [Greek General Confederation of Labor] official who is also a member of the PASOK Central Committee.

There were reactions on two levels, the party level (PASOK) and the trade-union level (GSEE). In the first because the intra-party--and, to a significant degree, personal--oppositions concerning control of PASOK's steering organs were publicized, and in the second because PASOK's intentions of re-examining the framework of cooperation with KKE in GSEE were confirmed.

Of particular interest, however, is the background to the whole affair, which was made known by the expose in ENA which had written about U.S. officials' contacts with a GSEE official, without naming him.

This official "recognized" himself in the ENA publication, however, and asked in a strong tone for explanations from PASOK, accusing PASOK officials of being responsible for the "leak" of information about his contacts with the Americans. He maintained that these contacts were not made "arbitrarily" but by order of the PASOK Executive Office [EG] whose members gave him, in some way, an order to continue the contacts as soon as the Americans' intentions concerning re-establishing a dialogue with GSEE had been made known. This official claims that he briefed PASOK in due time about the Americans' intentions and received from PASOK--literally--the "green light" to proceed.

This person is the GSEE organizational secretary and a member of the PASOK Central Committee, and he has already been promoted to guidance of the PASOK Syndicalist Committee, in the frameworks of restructuring PASOK organs.

R. Spyropoulos maintained that EG members Akis Tsokhatzopoulos and G. Gennimatas were informed of his contacts with the Americans as was GSEE President G. Ravtopoulos. He considered the "leak" of information about his contacts a deliberate action against him, the purpose being to weaken him both in GSEE and PASOK.

Given these facts, he maintained that the "leak" was made by one of these three people, who are the only ones knowledgeable about the affair. And since he eliminated the two EG members, he turned his suspicions on the GSEE president, who

is really his "relentless friend" in GSEE and PASOK, and who denied any involvement in the affair and attributed the responsibility for the "leak" to "shadowy circles...."

There was much discussion about the whole issue behind the scenes at the PASOK Central Committee (KE) conference where R. Spyropoulos maintained that the "leak" was made deliberately in order to slander him as the "Americans' man" and weaken him in the party and GSEE.

He also based his opinions on the fact that during the two-day KE conference photocopies of the ENA publication circulated among the members, the object being for there to be an "awareness" that he was "suspicious" and thus for him to lose their support and not have adequate authority while supporting opinions against the PASOK-KKE cooperation in GSEE, which he did in the end in the Central Committee.

But circles unsympathetic to him maintained that his contacts with the Americans were made known to the EG after they had begun, and they were restricted when his alleged "briefing" of the EG occurred after the fact.

At any rate, according to R. Spyropoulos, the EG gave him an order to proceed in his contacts with the Americans, the purpose being to verify their intentions, which, as was shown subsequently, were to exercise pressure for discontinuance of the PASOK-KKE cooperation in GSEE.

The ENA publication was also the basic subject of the recent GSEE administration's plenary session, which made a decision to denounce the United States' intentions, but avoided entering into the gist of the affair. That is, it was not disputed that the contacts occurred. The ENA expose was "refuted" only as concerns the part about the effectiveness of the U.S. pressures (for discontinuance of inter-factional cooperation), not as concerns the part about contacts.

This "refutation" has already been felled, however, following the confirmation of PASOK's intentions to reconsider its syndicalist policy and discontinuing co-operation with KKE, as the Americans suggested.

Returning to the PASOK Central Committee, we must report that the "leak" of information about the contacts led PASOK officials to order investigations which, of course, did not end in any result as far as locating the person responsible for the "leak."

At any rate, the fact was that R. Spyropoulos emerged the winner from the "show-down," after an intense intra-party battle in which the family and other circle at Kastri played a leading role.

At the same time, he was indirectly "rectified" with his recent coverage in the pages of EXORMISI, in which he expressed opinions which have been characterized as "hostile" to KKE.

In any event, the fact that this official is against cooperation with KKE--and he supported such opinions in the PASOK Central Committee--in opposition to EG members reportedly informed of his contacts with the Americans (and who consider co-operation with KKE expedient), strengthened the opinion that the "order" for



the contacts--if it was actually given and this is not an excuse after the fact-- was given deliberately so the contacts would be revealed subsequently and thus this official would be neutralized, his opinions weakened as "libellous," and his promotion to the PASOK party hierarchy checked.

How serious the whole affair of the contacts with the United States is for PASOK was shown by the fact that the prime minister was kept informed of the issue and all its interpretations and he prevented a discussion of the issue in the Central Committee--which Spyropoulos sought in order to clear up matters--so that the delicate balances in PASOK would not be disturbed.

9247

CSO: 3521/13

## PERSPECTIVES ON RECENT GOVERNMENT RESHUFFLE

## Tsokhatzopoulos, Gennimatas Rise

Athens TO VIMA in Greek 21 Sep 84 p 2

[Excerpt] Two PASOK Executive Office [EG] members, Akis Tsokhatzopoulos and Giorgos Gennimatas, were particularly strengthened by the "partial government reshuffle."

As TO VIMA wrote yesterday, Tsokhatzopoulos will undertake the job of coordinating the government's technical sector, mainly in Attiki.

From sixth place on the ministerial roster, Tsokhatzopoulos moves up to fourth place, following Minister to the Prime Minister Ap. Lazaris, Minister of Foreign Affairs I. Kharalambopoulos, the minister of national defense, who is the prime minister, and Minister of National Economy Ger. Arsenis.

In addition, Tsokhatzopoulos will participate in the KYSYM [Government Council]. For his part, Giorgos Gennimatas is the second minister--after Arsenis--to be in charge of two ministries and three deputy ministers, two of whom are women.

Gennimatas had in the past expressed a desire to move over to the Ministry of Interior if Menios Koutsogiorgas was upgraded or took over another ministry.

When this did not occur, Gennimatas was asked to choose between the job of supervising the whole party machinery and the difficult work of coordinating the entire government policy on issues of health, welfare and social insurance. Thus, these provinces which had been divided in July 1982 were consolidated in his person.

## No Structural, Corrective Changes

Athens KYRIAKATIKI ELEVTHEROTYPIA in Greek 23 Sep 84 p 8

[Article by Giorgos Botsis]

[Excerpt] The 21 September partial government reshuffle, which was neither structural nor corrective in nature, puzzled many and persuaded very few about its advisability, particularly in the heart of PASOK.

It is perhaps the first time in these three years that changes in the government machine have been confronted with so much scepticism (to express it mildly) from parliamentary and extra-parliamentary officials and PASOK's party base. And it is certainly the first time that eponymous and intense criticisms have been targeted personally on Prime Minister Andreas Papandreou.

Because the "partial rearrangement of forces" in the government:

First, vividly showed the objective shortcoming of intra-party shocks being caused by radical changes of a structural nature in a government which is now marching to the ballot-boxes.

Second, revealed PASOK's subjective weakness in sufficiency of cadres who could successfully undertake government responsibilities. The three in all who are newly coming into the government personify--and not only numerically--this weakness.

Third, left unjustified, and therefore diversely interpreted, Akis Tsokhatzopoulos' promotion to a chosen position in the government (and party?) hierarchy. Considered the most loyal expresser of the prime minister's opinions, and given that none of his opinions have ever contradicted these, it is believed Tsokhatzopoulos has already achieved the first distinction before also receiving the anointment of heir (in the relatively long-range prospect that Papandreou would sometime wish to lay claim to the presidency of the republic). And the vaguer his new role remains, the more plausible is the anxiety expressed by other leading government and party cadres.

Fourth, self-refuted its projected "corrective" nature towards battling "disfunctioning" phenomena. Because it is hard to believe that, for example, the person who succeeded in the social insurance sector, the lawyer Lev. Veryvakis, will perform better now as minister of energy, that the surgeon, Dim. Sapoundzis, (aside from representing Evvoia in the government) is "in his element" in the Ministry of Interior, or that Nik. Akritidis will manage better now in the Ministry of Commerce from which he had been removed as a failure.

Fifth, created plausible concerns with the removal of the visualizer, the bold and efficient man with a constantly increasing party prestige, And. Tritsis, from YKhOP [Ministry of Zoning, Housing and Environment] (where, according to the prime minister's admission, he "wrote history") since he is not liked by certain strong people, and primarily because he dared to cause mass discontents in the effort to bring some order to the ekistic and city-planning chaos. But there is also the removal (a few months after he was made minister) of Vas. Kedikoglou, who swooped down with a zealot's passion into the cistern of the market and collided inevitably with organized interests. And plausible and intense concerns stem from the fact that the policy in critical sectors of government activity is now openly subordinated to electoral expediencies and vote-soliciting necessities.

Sixth, and finally, gave a new opportunity to the Rightist press to maliciously present the government changes as a spasmodic action of the prime minister who is oppressed by the "Mitsotakis syndrome." Because, of the three people newly coming into the government, two (G. Perrakis and G. Papadonikolakis) are elected in Crete, from which a total of six government members now come.

### Tsokhatzopoulos Role in KYP Denied

Athens AKROPOLIS in Greek 25 Sep 84 pp 1,9

[Excerpts] "This man is dangerous," said a familiar political personality who knows Andreas Papandreou and the Kastri circle very well. He said it yesterday when informed of the plans the PASOK leader has for KYP [Central Intelligence Service].

Specifically, according to information:

Papandreou intends to use, to enlist, the potentialities of KYP in the party's electoral machinery.

These plans are included in the scenarios constructed by Andreas Papandreou, with a goal of keeping himself in power.

On 24 September ELEVTEROS TYPOS published the information that Papandreou "is going to rank political control of KYP among Akis Tsokhatzopoulos' new jobs." It was emphasized, in fact, that this matter is causing "great anxieties and many thoughts throughout the political world."

It was added that the anxieties are reinforced if combined with Papandreou's strange proclamations on 23 September at the PASOK youth demonstration, that:

"...particularly the youth, who despite the apparent calm are in a position to prevail at any moment that democratic and social gains are endangered, are the fighting mass movement in the area of work and education and home."

It should be remembered that Tsokhatzopoulos was one of the three protagonists and inspirers of that very strange nighttime exercise last February, which was followed with a similar mobilization by KKE, and as a result all of public opinion wondered "Where is Andreas going?"

### Koutsogiorgas Disagreement Reported

Athens MESIMVRINI in Greek 25 Sep 84 p 1

[Excerpt] Minister of Interior Menios Koutsogiorgas revealed to journalists on 24 September his clear disagreements about the decisions Papandreou made last week--but also about certain recent decisions of Lazaris. Thus is confirmed information about the turmoil caused in the heart of the government by the recent "reshuffle" and primarily the decision to promote Tsokhatzopoulos. Specifically, Koutsogiorgas revealed that:

He disagrees with Akis Tsokhatzopoulos' promotion to the position of "vice president" of the government--minister to the prime minister.

He disagrees with the prime minister's dismissal of Deputy Minister of Interior I. Katrivanos, concerning whom he said he had done his work well. It should be noted that Katrivanos' replacement, D. Sapoundzis, is a Tsokhatzopoulos man.

He disagrees with the relatively recent decision (which Lazaris implemented) on making thousands of temporary public employees permanent, stressing his general opposition to the permanence of functionaries in the public sector.

In addition, another intra-governmental conflict was revealed yesterday: Akis Tsokhatzopoulos' effort to include KYP in his jurisdictions collided with the intense opposition of Koutsogiorgas, Lazaris and Skoularikis; as a result, KYP is staying with the prime minister. "The issue," the deputy government spokesman stated emphatically on 24 September, "has been definitely settled: KYP is accountable to the prime minister."

9247

CSO: 3521/14



## POLL FINDS NONSOCIALIST, SOCIALIST BLOCS EQUAL

Oslo AFTENPOSTEN in Norwegian 6 Oct 84 p 3

[Article by Egil Sundar: "Coalition Gains the Lead!"]

[Text] For the first time since March the two blocs in Norwegian politics are equal again. This was revealed by the Gallup/NOI [Norwegian Opinion Institute] September poll conducted for AFTENPOSTEN in which the government coalition of the Conservative, Christian People's and Center Parties had a total following of 44.2 percent, and the Labor Party plus the Socialist-Left Party had 44.8 percent. Furthermore, if the Progressive Party and the Liberal Party are placed on the nonsocialist and socialist sides of the aisle respectively, the relative strengths are 49.3 to 49.2 in favor of the nonsocialist parties.

Gallup/NOI's most recent poll, which was conducted during the period 10-24 September, continues to show a relatively high voter stability. A falling tendency for the Labor Party and SV [Socialist-Left Party] on the one side and a certain advance for the Conservative and Christian People's Parties on the other, has however changed the total picture in relation to previous polls. While the Conservative Party had a following in August of 29.1 percent, the party came up to 30.3 percent in September. The same polls gave the Christian People's Party 7.4 and 8.4 percent respectively. The Center Party, the third of the coalition parties, in September had a following of 5.5 percent, compared with 5.8 the month before.

## Labor Party 39.3 Percent

In September the Labor Party had a following of 39.3 percent, a decline of 0.7 percent since August. SV in September was 5.5 percent, compared with 5.8 the month before. And as for the Liberal Party, a party which on both the government question and in practical politics must be included in the socialist bloc, its following was 4.4 percent in September, 0.2 percent lower than in August. In other words it was confirmed that the first distinctly autumn month produced a negative voter response for the three

Starting parties on the left. Whether this is purely temporary or an omen of further decline during the autumn, only time will tell. But it is fairly certain that a number of stormy debates are coming.

#### Progressive Party Declines

According to Gallup/NOI's latest poll, the Progressive Party had a following of 5.1 percent in September, compared with 5.8 percent the month before. Since May, when the party had 6.6 percent, the tendency has been a slow decline.

Whether the Progressive Party will be able to reverse this trend during the autumn will depend on the gains that Carl I. Hagen and his men are able to win in connection with the debates on the national budget. Experience shows that to be the high season for the Progressive Party. But there will hardly be a repeat of last year's success. It is not every year that they have the issue of an automobile fee to overturn. The Willoch Government's newly presented budget bill is formed in such a way that it does not invite a frontal attack from the right.

With the distinctly governmental election such as we are confronting in September of next year, there will be a clear limit to how strong the Progressive Party can depict itself at the expense of the Conservative Party without that backfiring on the party itself. If they want the nonsocialist government to continue, they should not weaken the party which perhaps more than any other stands out as the guarantor of the nonsocialist alternative. According to the basic material for the latest poll, 58 percent of the Progressive Party voters consider the Conservative Party as the "second best." That shows that Carl I. Hagen must undertake a balancing act which can be very difficult in practice.

#### Mobilization

The latest opinion poll clearly indicates that next year's government election will also be a definite mobilization election. The ability to bring forth the last reserves will be decisive for the outcome.

In political circles they are asking themselves whether the recent gradually declining tendency of the Labor Party is the start of a trend or whether the decline is purely an interim phenomenon. The offensive which the party began with the introduction of its new program proposal will naturally be followed up by a frontal debate later this month and in connection with the debate on the national budget through the entire autumn session. This broad engagement can easily give certain positive results at the polls.

In general one must, however, start with the idea that the party strategists at Youngstorvet are unhappy that their following is not greater at a time when the Labor Party finds itself in an attack position before a decisive government election. In such circumstances the party should normally have been well over 40 percent.

## Encouraging

It is obviously encouraging for the three government parties that the coalition is strengthening its position after a long period in which all the polls showed gains for the socialist bloc. As the situation appears today, the sitting government has a realistic possibility of winning next year's election. But, as stated above, mobilization will be required!

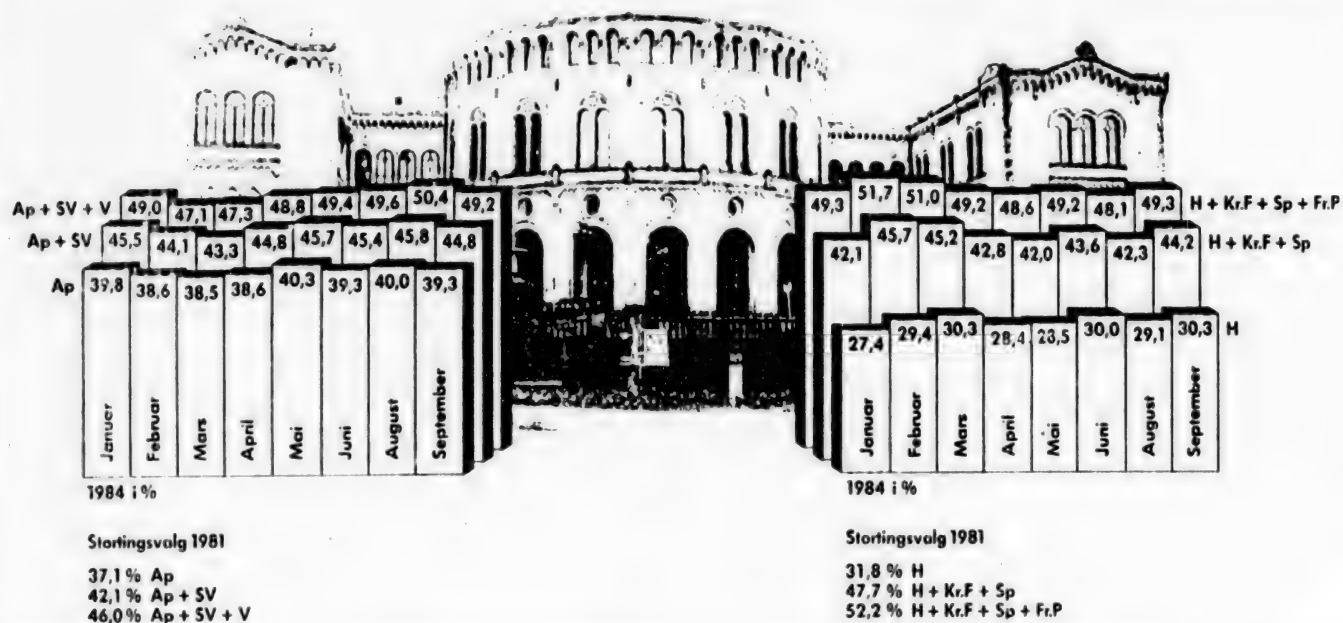
Question: If you were voting in the Storting election tomorrow, which party would you vote for?

	Nor- ways- Budget 1981 %	1984 April %	May %	June %	Aug. %	Sept. %
A	37.1	38.6	40.3	39.3	40.0	39.3
DLF	0.6	0.8	0.7	0.6	0.6	0.0
FP	4.5	6.4	6.6	5.6	5.8	5.1
H	31.8	28.4	28.5	30.0	29.1	30.3
Kr.F.	9.3	8.0	7.8	7.8	7.4	8.4
NKP	0.3	0.2	0.1	0.1	0.3	0.6
RV	0.7	0.5	0.6	0.5	0.6	0.6
S	6.6	6.4	5.7	5.8	5.8	5.5
SV	5.0	6.2	5.4	6.1	5.8	5.5
V	3.9	4.0	3.7	4.2	4.6	4.4
Andre	0.2	0.5	0.5	0.0	0.1	0.3
Sum:	100.1	100.0	99.9	100.0	100.1	100.0
A + SV	42.1	44.8	45.7	45.4	45.8	44.8
A + SV + RV + NKP + V	47.0	49.5	50.1	50.2	51.3	50.4
H + Kr.F + S + DLF + FP	42.9	50.0	49.3	49.8	48.7	49.3

Key: A - Labor Party  
 DLF - Liberal People's Party  
 FP - Progressive Party  
 H - Conservative Party  
 KRF - Christian People's Party  
 NKP - Norwegian Communist Party  
 RV - Red Election Alliance  
 S - Center Party  
 SV - Socialist-Left Party  
 V - Liberal Party  
 Andre - Others

The figures indicate how many would vote in a Storting election tomorrow, of those who are sure they would vote. The question was also asked which

party they voted for in the Storting election of 1981. The differences between the individual parties' percentages on that question and the actual election result in 1981 were used as weight factors. The results are based on interviews conducted with 949 authorized voters. Oslo, 5 October 1984 Gallup/NOI.



9287

CSO: 3639/11

## NEWSPAPER TAKES ISSUE WITH SOVIET VIEW OF SWEDISH NEUTRALITY

Stockholm DAGENS NYHETER in Swedish 14 Oct 84 p 2

[Editorial: "Not Like Finland in 1939"]

[Text] In August 1914 Sweden was on the verge of entering an armed conflict with the major power to the east. The Russian Baltic fleet had sortied a few days after the outbreak of World War I in order to attack Swedish warships near Gotland. But a counterorder was issued in time--the higher staffs were not convinced that Sweden would join on the side of Germany.

The episode is mentioned in Krister Wahlback's recently published Foreign Ministry publication "Den Svenska Neutralitetens Rotter" [The Roots of the Swedish Neutrality] to illustrate the suspicion of a major power against a neutral, small state. What motives govern Sweden's actions today? In a debate article in SVENSKA DAGBLADET, veteran observer Sverker Astrom obviously wanted to help subdue the most far-reaching speculations about the significance of Soviet violations of Swedish territory:

That the aircraft incident near Gotland was a signal intended to affect Swedish foreign policy is not very likely--the method would also not be effective; that Sweden should be forced to tolerate violations--perhaps not completely excluded, but totally unsubstantiated; that the Soviet Union should want to mark its supremacy over all of the Baltic Sea--impossible to draw any firm conclusions about, etc.

The Swedish foreign minister has advocated that the government must be permitted to react to violations from case to case--as if there were no previous pattern. It is unlikely that the Foreign Ministry is able to reason quite like that in practice.

Caution is justified. It is not entirely meaningful to draw far-reaching conclusions on uncertain grounds from the Soviet conduct--or supposed conduct. Our security policy should reasonably be able to tolerate various kinds of strain. Only complete conviction that the Soviet Union would not respect Swedish neutrality in the event of an outbreak of military conflict in the vicinity should be able to force a reevaluation of existing Swedish policy.

No one can have such complete conviction--even when maintaining an open mind toward the way in which the Soviet Union is using greater military capability in order to affect the surrounding world. We actually do not even know what



the Soviet Union might be looking for in peacetime. But the more we find out the better it is. This is why it is necessary to scrutinize both Soviet statements and actions--and as far as the material allows establish hypotheses for continued scrutiny.

Most recently attention has been focused on a work by the relatively young researcher Lev Voronkov at the Institute for World Economy and International Relations of the Soviet Academy of Sciences. His book "Nuclear-Free Status for Northern Europe"--recently reviewed in DAGENS NYHETER--seems astonishing for its thoroughness and concreteness. Voronkov likes Olof Palme's peace efforts, but otherwise most of what Sweden does is wrong, from its attempts at equal treatment of NATO and the Warsaw Pact, its belief in a Nordic balance, efforts at military defense and utilization of Western military-industrial technology, all the way to the lack of "active" (Soviet-friendly) policies.

Voronkov also states harshly, that the status of the Baltic does not belong with the discussion of a Nordic nuclear-free zone, but must be seen in a central European context.

We are not used to getting so much criticism all at once, but on the whole Voronkov's complaint is in line with a series of previous statements by individual Soviet experts and spokesmen; all of this carefully catalogued by the Foreign Ministry, one expects?

Voronkov's unpleasantnesses should therefore not come as a shock; even such a bigwig as Gromyko expressed his dissatisfaction with Sweden, and not least with the debate in Sweden, to Palme in January. We have heard the demand for more submissive mass media before, that time from Germany. The fact that the fundamental outlines of Voronkov's book were written several years ago heightens the impression that his recommendations for change in Swedish policy reflects a Soviet attitude that has been under consideration for some time, albeit that we must find it ill-considered.

At the most recent meeting of the Paasikivi Society the chief editor of HUFVUDSTADSBLADET, Jan-Magnus Jansson, maintained that Olof Palme cannot move on issues of active detente policy "without taking into account the inflamed general opinion in his home country." This wording gives the impression that it is Sweden's fault rather than the Soviets' that the development has become somewhat more problematic than before. This can hardly be Jansson's serious opinion after having read Voronkov, for example.

At the same meeting it was asserted that Sweden's situation shows similarities with the Finnish one before the war, in 1939! The parallel is really far-fetched. There had been controversy between Finland and the Soviet Union for 20 years. A different situation makes it necessary for Sweden to try to maintain respect for our policies by both diplomatic and military means.

This is what we mean by the concepts of freedom from alliances and neutrality.

11949

CSO: 3650/24

## LEFT COMMUNIST PARTY STATES WISH FOR CLOSER TIES TO SDP

Stockholm DAGENS NYHETER in Swedish 15 Sep 84 p 6

[Article by Hans O. Alfredsson]

[Text] The Left Communist Party wants closer cooperation, an "open dialogue" with the Social Democrats and other branches within the labor movement. The purpose is to defeat the bourgeois parties in the face of next year's election.

"No technical electoral collaboration or a common program of action is needed," declared Left Communist Party leader Lars Werner on Friday. It was then that the party held press conferences at six locations around the country.

What one wants to have are contacts and communication and the ambition to strive in the same direction.

"The bourgeois parties certainly have the edge right now," says Lars Werner. "If they get 120,000 Christian Democratic votes, the advantage will become even stronger. That is what we wish to help prevent."

## Radical Social Democratic Party

The Left Communist Party hopes that the Socialist congress which opens today, Saturday, will exhibit a more radical party. Lars Werner also believes that both the Socialists and the Left Communists must make use of the labor majority in the Parliament to win next fall's election.

"The Left Communist Party," Werner assures us, "has ongoing contacts with the Social Democrats and the Federation of Trade Unions, even if these do not proceed on a very formal basis."

And most questions that the Federation of Trade Unions asks are precisely the Left Communist Party's questions," he maintains. "I heard Stig Malm on TV the other evening. It was as though I was speaking myself. Only the voice was different."

## Bourgeois Policy

The Left Communist Party is, in many respects, critical of the policy pursued by the Social Democratic government. In the main, it is a characteristically bourgeois policy, he thinks. The reason for the "War of the Roses," according to the Left Communists, is to a large extent that the Social Democrats have not lived up to their pronouncements made in the 1982 election campaign.

12723

CSO: 3650/3

## COMMUNIST WORKERS PARTY EXECUTIVE COMMITTEE ISSUES PROGRAM

Lulea NORRSKENSFLAMMAN in Swedish 17 Sep 84 p 16

[Article: "Important for Our Country To Combat Anti-Sovietism"]

[Text] Stockholm (Nf1)--Speaking before the executive committee of the Communist Workers' Party, convened in Stockholm on the 15th and 16th of September, party chairman Rolf Hagel emphasized the worsening international situation and what consequences it had for Sweden and the Nordic countries.

"It is important," he said, "that all progressive forces in the country fight together against the unceasing efforts of the reactionary forces to impair relations between Sweden and its neighbor, the Soviet Union. The military command's constant 'discoveries' of violations of our territory both at sea and in the air are nothing but deliberate pressure on the country's government."

Hagel stressed that the Swedish policy of neutrality has been important for the country's people. It has secured a long period of peace and given Sweden a good reputation in the world. The forces of the right seek to whittle away this position and to drive the country more and more into the NATO-camp.

After the placement of NATO and U.S. missiles in Western Europe, the situation for populations has seriously deteriorated. This shows itself both militarily and politically.

"Our contribution to the restoration of detente must be the intensification of the effort to realize a nuclear-weapon-free zone in the Nordic Countries and a nuclear-weapon-free corridor in Central Europe. We greet with satisfaction the gradual expansion of the peace front. The Communist Workers' Party gives its full support to those who demand 'Treaty Now.'"

At its meeting, the party's executive committee took up national economic policy and noted as indefensible the record profits of monopoly capital on the one hand and the reduced real wages and social disarmament on the other. These profits, which should be applied to continued industrial activity and more jobs, become instead capital for speculation and a basis for foreign investments in the service of capital.

The party's activity in the upcoming election campaign will be characterized by the goal of realizing the slogan "Peace and Work."

The party's executive committee also unanimously adopted a document entitled "The Communists and Democracy."

On Sunday, by way of conclusion party chairman Rolf Hagel had the pleasure of giving out special awards to representatives of those districts which, relative to their size and potential, made the best contributions during the first stage of the party's nationwide campaign. First prize was taken by the central Swedish district, which, represented by Monica Carlsson of Vasteras, became the recipient of a handsome tapestry with a portrait of Karl Marx. Monica expressed her thanks on behalf of the district and gave her assurance that the award would be a spur to continued and still better work for the party.

Second prize went to Skane/Blekinge, while Bohuslan took third place.

But this, as we already said, was only the first phase of the congenial mood which marked the party executive committee meeting discussion of future assignments in a continued effort focused on the 1985 election; as such, it gave the clear promise of still finer contributions toward the continuation of the party's campaign, where, among other things, work for FLAMMAN stands in the forefront.

12723

CSO: 3650/3



## DEFENSE MINISTER DEFENDS NEED FOR SUBMARINE FLEET

## Threat From Pact Landing Craft

Copenhagen BERLINGSKE TIDENDE in Danish 3 Oct 84 p 9

[Op Ed Article by Defense Minister Hans Engell]

[Text] The Danish submarine fleet is celebrating its 75th anniversary today with a parade on Holmen. In recent years the role of submarines in Danish defense has been a central topic in the defense policy debate. Defense Minister Hans Engell explains why Danish defense would be seriously weakened if we do not retain the submarine fleet.

In the political negotiations prior to the defense agreement last summer, one of the big disputed issues was maintenance of a Danish submarine fleet. As we know the parties ended up with an agreement under which three submarines would be leased. It was also agreed that the need for a Danish submarine fleet should be analyzed again in more detail.

The government parties have not been enthusiastic about a leasing agreement. We wanted--and proposed--real replacement construction, but the negotiations demonstrated that the only way to reach an agreement was with a leasing arrangement. There is no reason to conceal the fact that Social Democratic defense policy spokesman Knud Damgaard in particular maintained a very prominent profile on the submarine issue and--without much support from his party--presented many claims and views that often had a very weak foundation. Since the submarine project has given rise to many conjectures and viewpoints, there is good reason to set the arguments straight. I would like to help do this.

Thanks to the political debate in particular the Danish submarine fleet's natural place in the structure of Danish defense has been studied and documented more than many other weapons systems. And we are talking here of the results of analyses, evaluations, etc. that have been conducted in recent years by competent organs or people who cannot be accused of pursuing special domestic or defense policy interests.

The goal of Danish defense--as part of a cooperative alliance--is to prevent war. This goal is achieved by the armed forces by convincing a potential aggressor that the price of an assault on Denmark would be too high. For this reason the composition of Denmark's defense depends on the choices available to a potential aggressor. A natural choice for the Warsaw Pact lands, if they decided to initiate an armed assault against Denmark, would be to resort to air and sea landings in conjunction with a ground invasion through Schlesvig-Holstein. I will concentrate here on the sea landing aspect.

The Warsaw Pact countries have at their disposal a large modern force of landing craft that could simultaneously deliver 5,000 marines along with their tanks, artillery and so forth. But a force of this kind is valuable only if it is followed up with a much larger force of regular army units. In addition to the above landing craft there are modern Warsaw Pact commercial ships in the Baltic Sea, including the Roll-on/Roll-off ships, that are capable of transporting several divisions. Thus the Warsaw Pact lands have a real capability of transporting an actual assault force, the necessary back-up forces and the enormous amount of supplies required by an assault operation. Of course changes are being made in the materiel that would be used in an initial landing, but that does not alter the fact that the Warsaw Pact lands must continue to base an occupation of the Danish islands on conventional ship transports.

To serve as a sufficient deterrent, therefore, Danish defenses must be capable of moving against sea transports of this kind, among other things. We could do that if we had to today when the defense system has several strings to its bow, such as submarines, ships, airplanes, missiles and mines, etc., as well as land-based defenses. Naturally a potential assailant knows this too and therefore it is unlikely that he would launch a large-scale landing operation on the Danish islands before insuring that he will not be too inconvenienced by our or our allies' airplanes, mines, ships, etc. In such a situation one of the hardest and most time-consuming jobs an enemy would have would be to put the Danish and West German submarines in the Baltic Sea out of action. We hope of course that this in itself would deter an enemy from engaging in aggressive actions, but if he takes that chance anyway the submarine fleet will play a substantial part in insuring that he is unsuccessful. And that is the very heart of our defense policy. By using a reasonable amount of common sense a potential aggressor must realize that the price for aggression would be too high.

Submarines can move without being seen to their operation areas at a very early point in a crisis, which would increase our ability to deal with an emergency without this being a form of escalation. They can also move out without concealment if we want to give the rest of the world a clear signal. To simplify matters somewhat one can say that in such a situation submarines act like a very effective, controllable, thinking and mobile mine field. In this context one should bear in mind that submarines can remain on patrol for weeks at a time.

In peacetime, wartime and periods of crisis submarines can provide valuable information about a potential enemy--information that we would find it hard

or impossible to obtain in any other way. But only submarines can obtain the information we would need without being detected.

Submarines are able to operate effectively in an area dominated by hostile ships and planes, because they are extremely difficult to locate in the Baltic and will continue to be so in the foreseeable future. They operate in a kind of third dimension and this complicates the situation considerably for an assailant. At the same time the ability to remain concealed and the utilization of the third dimension provide a much-needed depth to the defense of Denmark. It is also important that the primary weapons used by submarines--torpedoes--are extremely effective. A torpedo can sink an enemy battalion with tanks and other equipment before it can be landed.

Thus there are important reasons why the government asked for the construction of three new Danish submarines when it started negotiations on the defense agreement last summer. Another reason for this request was that the Defense Research Council, which is a competent broadly-based body of civilian and military experts, had already evaluated possible alternatives to submarines. The council had concluded that no alternative with the same effect could replace submarines unless we were willing to pay a much higher price. Finally I should mention for the sake of completeness that our allies--especially West Germany--feel it is extremely important that Denmark maintain its submarine force.

The arguments against submarines are based primarily on three claims. One is that the tasks performed by submarines can be handled more cheaply in some other way.

Another is based on the belief that submarines are or will be too vulnerable, so that it cannot pay to invest in new subs. Finally I have recently encountered a third claim, that a possible development of a Soviet "landing airplane," the so-called WIG plane, would make submarines superfluous.

My main response to the first claim is to refer to the Defense Research Council's thorough investigation that clearly indicated the need to preserve the submarine fleet. To this we can add another observation. It is not wise to put all our eggs in one basket. If we put too much emphasis on a very few kinds of weapons systems it will be easier to counteract them. Our defense will be too thin.

The second claim, that modern technology makes submarines too vulnerable, does not stand up to close scrutiny. In the last 10 to 15 years there has been a strong development in both civilian and military underwater technology. The rising worldwide utilization of ocean areas has been a driving force in the general development of increasingly advanced materiel--especially materiel designed for underwater use. Thus since World War II there has been a race between the development of submarines and the development of means to counteract them. In this race it can be established that the development of submarines is clearly in the lead. In spite of great strides in the areas of detection, location and supervision of subs, antisub technology has not achieved anything that resembles a breakthrough, whereas submarines have become more

and more advanced--even conventional submarines. The interest of the super-powers in particular in the technological development of submarines can have a big effect on this headstart being preserved for a long time to come.

The third claim, that Russian WIG planes will make submarines superfluous, can also be refuted. In the first place we do not know if they will even become operative. In the second place an occupation of Denmark based on WIG planes would require so many airplanes that it would be pretty unrealistic. The oil, supplies, heavy materiel and so forth that would be necessary for the occupation of Denmark would have to be transported by land or on conventional ships.

To return to the claim of submarine vulnerability in the future, laser beams have been mentioned as being well adapted to the detection of submarines. It is true that the Swedish Navy is testing laser detection of submarines but this is for use in the shallow Swedish archipelago where there are limitations to the use of the traditional acoustical sensors. But laser beams also have considerable limitations of their own; for one thing there are limits to how deep in the water a laser beam can penetrate. There are also sharp limitations to the size of the area that can be scanned in an hour--a limitation that means the system will be inferior to the familiar acoustical systems.

There have also been references to a system called "Hydrosearch" that was developed in England. It is said this system makes it very easy to detect submarines. Hydrosearch is a conventional English development of sonar that is intended to locate wrecks, large rocks and so forth on the ocean floor so that ocean charting can be done more accurately. But the system is unusable as a practical submarine location tool in the Baltic Sea.

It has also been said that systems have been developed that make it possible to detect submarines from satellites. It is correct that the Americans are using two satellite-based systems that are intended to detect big Soviet nuclear subs in the Atlantic Ocean.

One principle is based on noting the area of warm water a nuclear sub leaves behind it on the surface in the wake of its reactor. The system cannot be used in the Baltic, partly because the Baltic temperatures already fluctuate widely and partly because it is impossible in practice to measure the heat from conventional submarines.

The second principle is based on noting the hump formed on the ocean surface when a large submarine moves quickly underwater. However Danish and other submarines in the Baltic Sea are quite small in this context and they move swiftly only in exceptional cases. Therefore the system cannot be used in the Baltic.

The reason why I have gone into these technical matters in some detail is that I wanted to illustrate the nature of the arguments used against submarines. I am in favor of politicians obtaining the basic knowledge they need, but when technical information is used incorrectly or misleadingly with the intention of promoting a certain point of view, then I object.



One aspect of the submarine issue has not been brought out much in the debate. This involves the employment consequences. Today we no longer have the expertise that is needed to build submarines in Denmark but there is no doubt that Danish shipyards could help to build Danish submarines. This can be done in several ways, for example through licensed construction in which large or small parts are produced at Danish shipyards.

In connection with market surveys that have been initiated, a number of Danish firms have received indications that they could do subcontract work for submarine construction. In connection with the building of subs for the navy, if the work is done at a foreign shipyard there will be compensation deliveries, which would mean purchases would be made in Denmark for 100 percent or more of the price paid for the total submarine contract. Thus a submarine construction project would provide work for Danish shipyards in any case. From a defense point of view it would be an advantage if Danish firms can acquire familiarity with submarine technology via subcontracting so that the maintenance of the subs can be carried out in Denmark.

The submarine branch is a relatively new one that has demonstrated its strength through the years. Nothing suggests that things have changed. Submarines are part of the planning of all the more important naval powers, which is reflected in the large building programs that have been carried out in the last 10 or 15 years. The emphasis placed on submarines by Norway, Sweden and West Germany also indicates future expectations of the effectiveness of submarines in our immediate neighborhood.

If Denmark's submarine fleet, which is celebrating its 75th anniversary today (3 October), is abolished it will seriously weaken our advanced defenses in the Baltic Sea as well as our maritime choices of action in general. The government continues to regard the submarine fleet as a central element in our defense and I am convinced that little new information or evaluation can be added to the detailed analyses that have been made of the submarine fleet by responsible people and that have clearly indicated the importance of continuing and maintaining this part of Danish defense.

#### Socialist MP Disputes Minister

Copenhagen BERLINGSKE TIDENDE in Danish 8 Oct 84 p 8

[Op Ed Article by Social Democratic member of Folketing Knud Damgaard]

[Text] The submarine arm of the navy has celebrated its 75th birthday. That means it has passed the age of retirement. Therefore it seems strange that the minister is so onesidedly defending new construction of submarines without making an honest attempt to place submarines as weapon platforms in the picture of assault possibilities with which we might be confronted if things come to that.



The defense minister says that the Research Council concluded that we should invest in new submarines. The minister forgets that in the same report on alternative possibilities the Research Council regretted the fact that it could only examine alternatives up to the contract date of 1 January 1982.

The report said explicitly:

"The Defense Ministry's condition that 'there should be no substantial reduction in the ability of the armed forces (the navy) to deal with the tasks assigned to it today' and that this evaluation should be seen in relation to 'the final decision on contracting for new submarines' places a number of limitations on the possible alternatives that could be considered."

In light of the fact that the cost of building new submarines presupposes an effective useful life span of 25 years, the limitation placed on the Research Council with respect to the time perspective is of vital importance to the political decision-makers. It should be added that the Social Democratic goal for building up the future defense structure is clearly that it must be defensive in nature as far as possible. For this reason we are opposed to advanced defense. A lot of places in support areas need to be secured before we can permit ourselves the luxury of using an advanced submarine defense that I will later show is of very limited value.

At the same time it amazes me that officers from the other two services, who have an excellent understanding of the problems of a new era, are keeping quiet. There is no reason for that in a situation in which the navy has almost in desperation and without sensible arguments thrown itself into a battle to acquire new submarines. What is the actual situation when it comes to assault possibilities and our own defense capability to combat them? Let us look at the threat to the Sjaelland island group. It would consist of air landings from planes and helicopters and landing operations carried out by naval units.

Airborne landings or invasion attempts along the coasts would be unlikely to any great extent as long as an enemy did not have a very high degree of air superiority or otherwise had ocean supremacy. The difference here though is that one can very well carry out an airborne landing with airplanes without having ocean supremacy and air superiority at the same time. This makes an invasion from the sea very unlikely.

Helicopter landings can take place without the enemy having air superiority. Ocean supremacy is of no importance in this context.

On the basis of the above theories it can be established that the greatest probability is for helicopter landings. Next comes airplane landings and finally, at a very late date in a combat action, comes the probability of a large-scale invasion from the sea.

That would be the basic thinking behind the structure of a defense of the islands. Consequently, repelling helicopters should be given top priority.

Combatting airborne landings and landings on the coast would have a roughly comparable priority. Therefore we will need a well-developed air warning system and an equally well-developed air defense.

When it comes to using submarines, if we ignore the clear possibilities that exist for detecting subs based among other things on the development of computer technology, we are left with the fact that submarines simply do not live up to the requirements one should impose on a cost-effective investment.

Subs are slow-moving, they have a limited surveillance range, they carry too few weapons in relation to their price--and finally, their use is too narrow, in other words they can only be used for the single purpose of sinking ships. But the worst part of it is that the limited capacity of submarines could not even be used in the initial and decisive hostile actions.

This is confirmed by both the navy and the Defense Command, since the authorities concerned state correctly that an invasion from the sea could first take place when an enemy has acquired "air and sea supremacy," in other words has gained full control over our air space and ocean area. At that point there would not be much left to fight for. Unfortunately that is the point at which one can say that there would be some good reason to use subs.

It seems quite obvious that before one starts to talk about investing in submarines one should insure that the rear lines, i.e. our land area and air space, have enough strength to resist initial combat actions. If we secure our own territory first and foremost, there is not much reason to acquire subs since an enemy could then acquire air and sea supremacy.

These were the Social Democrats' basic ideas during the negotiations on a defense agreement. For the reasons the minister cites in his arguments, the shape and strength of air defense and army forces did not achieve quite the priority we would have liked.

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CSO: 3613/10

## EAST BLOC SUDDENLY SENDING MORE SPY SHIPS INTO DANISH WATERS

Copenhagen AKTUEL in Danish 28 Sep 84 p 3

[Article by Peter Bergen]

[Text] In recent weeks the ocean off Denmark has been crawling with spy ships.

Bristling with antennas, radar, advanced electronic equipment, photographic equipment and telescopes, east bloc spy ships have been freely feeding from a military horn of plenty: the NATO exercise, "Bold Gannet."

The four permanent spy ships on our southern and eastern coasts have been reinforced by four more intelligence ships, primarily from the Soviet Union. All eight ships are tapping Danish and allied radio communications.

In addition what the Defense Intelligence Service (FE) called "a considerable number" of warships came from the Soviet Union, Poland and the GDR (East Germany). Thus on 13 and 14 September ten east bloc warships were operating off Falster and Mon in order to observe NATO's landing and defense exercises on the coast of Mon.

The greatly increased espionage activity coincides with "Bold Gannet." The big NATO exercise in Denmark has just finished but the transport home of the approximately 17,000 foreign troops can still provide the east lands with some tidbits. About 12,000 of the soldiers belong to the British force that would be sent here in a war or crisis situation.

Defense Intelligence has taken the unique step of issuing a press release on the overwhelming interest in Denmark suddenly being shown by east bloc countries. The aim is to reassure the public.

"In the present crisis in relations between East and West, people can easily become nervous if they hear of escalations. We would like to say that there is no reason to be nervous. There is nothing alarming in the fact that the eastern countries carry out this type of surveillance. And it is our assessment that the increase is normal for exercises of this scope," said the author of the press release, Navy Captain S. Albrechtsen of FE.

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## COAST GUARD STARTS SEA TRIALS FOR PATROL BOAT CLASS

Helsinki HELSINGIN SANOMAT in Finnish 29 Sep 84 p 9

[Article: "Coast Guard's New Patrol Boats in Trial Run; Aluminum 'Water Sprayers' Tested Under Autumn Conditions"]

[Text] Merikarvia (HELSINGIN SANOMAT)--The coast guard's newest patrol boats, the "water sprayers," are now in everyday operation. Altogether nine of these swift and agile movers were obtained. Coastguardsmen are testing how the new boats' aluminum hull holds up at a steady rapid speed in the rough autumn sea.

The border patrol's boats are now being modernized in aspects other than speed. In the near future, contract bids may also be requested for a fifth coast guard cutter. The coast guard cutters Silma, Uisko, Turva and Valpas will get company in 1986.

A new type of heavy coast guard cutter is also promised. The old ships of the Koskelo class are found to be cumbersome in rough seas, for example.

At the coast guard stations, of which there are 33 in Finland, people are delighted with the additional equipment, although there are not enough boats for everyone in the first distribution.

Accordingly, among others, Merikarvia, Pori's Pirskeri in the Luvia outer archipelago and Kustavi's Susiluoto station--all of which belong to the Rauma coast guard area of the Archipelago Sea--may still be waiting for their own "water sprayers." They will have to manage with the old steel boats and the frequently repaired small boats.

However, at coast guard stations left without additional equipment, such as Merikarvia, they are close to getting some brand-new boats. The new 12-meter patrol boat situated in Kristiina's Kummelgrund of the Vaasa coast guard area now and then practices in the difficult channel of Merikarvia.

"Sprayers" Along the Coast

The new patrol boats (engine capacity over 700 horsepower and speed 35 knots) are over 4 times faster than the old steel boats and in the future will be placed uniformly along the sea coast.

The Gulf of Bothnia's coast guard, whose headquarters is Vaasa, gets two of them; the Archipelago Sea's coast guard, with Turku as headquarters, gets four of the new boats; and the Gulf of Finland's coast guard, with Helsinki as headquarters, receives three new "sprayers."

There is a typical Finnish coast guard station at Merikarvia. The staff numbers 14, and the equipment is rather old. The area of activity is long, and the entrance channels are very difficult to traverse. The channel's depth is now only 3.5 meters, but the intention is to deepen it by a meter.

When the station's chief, Aimo Kuuskeri, the station's engineer, master coastguardsman Risto Harma and coastguardsman Erkki Antila head out for the high seas in the old steel boat to perform surveillance assignments, the captain has to look backwards while navigating in order for the boat to move forward. There are that many curves along the way.

"Finland's worst and most meandering channel and very dangerous for those who don't know these waters," say the coastguardsmen.

The fast new aluminum boat, with jets of water around it, enters the channel and adjusts to the curves. It is efficient and agile and able to move safely even in low water barely a meter deep.

#### Coastguardsmen Have Equipment Worth Million Marks

The old steel boats also have their own supporters, although it is difficult to take care of them, and they are slow. "They are extremely seaworthy and last almost forever," boasts Commander Seppo Kanerva of the Archipelago Sea coast guard.

The acquisition of equipment which is fast, new, easily maintained and, in its accessories, better suited to the crew's heavy work is considered important for all the stations, however. "We are also pleased with the urinal, the noiselessness and the warm shelter," say the coastguardsmen.

"It's nice that renovation of the boat equipment in the border patrol establishment has gotten off to such a good start," say Lieutenant Commander Tuomas Kuuppo, naval office chief of the Archipelago Sea coast guard, and assistant chief Pertti Pettersson of the Rauma coast guard area.

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## ADDITIONAL DETAILS ON COAST GUARD'S NEW PATROL BOAT CLASS

Helsinki HELSINGIN SANOMAT in Finnish 13 Sep 84 p 3

[Article: "New Patrol Boats to Replace Obsolete Boats"]

[Text] The Coast Guard's equipment should be renewed on a regular basis in the opinion of Lieutenant General Ilmari Kirjavainen. The procurement of many ships within a period of 1 year can result in a situation of lagging behind in those years when nothing can be procured. Kirjavainen labelled the shortage of patrol boats, in particular, as a long-term problem, for the elimination of which it has been necessary to be persistent in one's demands to parliament and other decisionmakers. A proposal has once again been included in the state budget for increasing the number of patrol boats.

On Wednesday the Coast Guard accepted six new efficient and safe patrol boats representing the international state of the art in diesel powered boats at the Fiskars Company's shipyard in Turku.

The PV boat represents a new kind of boat capable of functioning in difficult icy conditions and performing border patrol and rescue tasks. The boat costing approximately 1.3 million markkaa is equipped with an aluminum frame capable of withstanding hard blows, propulsion equipment operated by water jets, which means that those in the water need not fear dangerous propellers, and a flexible mounting of the fiber glass control cabin.

"The boat can be brought up right next to the persons being rescued. The draft of the 12-meter boat is only 0.70 meters so that it can operate even in shallow waters. The 30-knot speed of the vessel is greater than what was expected," stated Coast Guard Commander Seppo Kanerva of the Archipelago Sea.

Fiskars will build a total of nine patrol boats for the Coast Guard.

"The last boats will be delivered at the end of the year. The order for patrol boats came at an opportune time for the 120 workers at the shipyard. With these and other government procurements layoffs were avoided at a difficult time for the industry," stated Director Aapo Latvalahti.

According to Lieutenant General Kirjavainen, the chief of the Coast Guard, the boats now obtained will not eliminate the problem even though they will alleviate the situation.

"These will not yet satisfy the need for boats. The equipment is old and the need for renewal is greater than the capacity to build more ships. At the present time approximately 20 vessels that have been in service for 20 years already are awaiting removal. Thus old vessels are being replaced with new ones. The quality is improving, but additional vessels will not be obtained," stated Kirjavainen.

Kirjavainen emphasized the importance of new equipment to the operations of the Coast Guard.

In addition to patrol boats, the major points of emphasis are a fourth long-distance patrol boat and the renewal of coastal vessels.

Coast Guard Commander Esa Salonsaari of the Gulf of Bothnia says there is a need for improvement in open sea operations, in particular.

"A 5-million markka check would be welcome," commented Coast Guard Commander Heimo Iivonen of the Gulf of Finland, whose area will receive some of the patrol boats built by Fiskars.

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## SCANDINAVIAN AIRLINES SYSTEM PILOT NEED SEEN HARM TO AIR FORCE

## Higher Air Force Pay Requested

Stockholm SVENSKA DAGBLADET in Swedish 25 Sep 84 p 6

[Article by Erik Liden: "Air Force Wants to Increase Pay: SAS's Pilot Need Threatens Readiness"]

[Text] The Air Force's readiness capability and pilot quality are seriously threatened by the new recruitment of pilots initiated by both SAS [Scandinavian Airlines System] and Linjeflyg [LIN]. Air Force Chief Sven-Olof Olson is requesting immediate pay increases for key personnel from the State Employment Office.

SAS has announced the need for 47 new pilots and LIN about 20.

"This is a strange development," says the personnel chief of the Air Staff, Col 1st grade Jan-Henrik Torselius to SVENSKA DAGBLADET. Last summer SAS announced a 1985 recruitment need of 10 pilots. Now suddenly almost 50 are needed.

"As a taxpayer you have the right to demand some form of tenable long-range planning in a company as large as SAS. So SAS cannot have been taken quite as much by surprise as managing director Jan Carlzon is indicating. Even so, the balance sheets show a rapid increase in the number of passengers."

## Well-Trained Are Recruited

What worries the Air Force most is that SAS and LIN are hiring well-trained squadron leaders with more than 10 years of flight service behind them.

"These pilots have today cost society at least 10 million in educational costs and flight training. The new commercial aviation school at Ljungbyhed costs about 1 million Kronor for 18 months of training specially aimed at commercial flying."

"SAS has supported that school with a notable lack of interest. But now it is important to rapidly increase admissions to courses beginning in 1985 and 1986."

Torselius also points out that during the buildup of the internationally recognized Swedish expertise in military aviation the Air Force trained 180 pilots a year at Ljungbyhed. Throughout the 1970's there were more than 70 per year, but this is now down to 30 students a year.

Today, 95 percent of SAS's flight personnel consists of Air Force pilots.

"It is obvious that with our shrinking organization each and every civilian recruitment today has serious repercussions on both the short-term and long-term readiness of the Air Force."

#### Inexperienced Commanders

"If we are forced to increase our fighter readiness for security-political reasons in order to fend off violations, there could shortly be a problem with the ordinary flight activity of the air wings."

"We are already seeing the effects of the SAS and LIN recruitment of 1978-79. That has meant that flight commanders, squadron commanders and retraining commanders for JA 37 Viggen often are too young, with insufficient leadership and flight experience."

#### Salary Difference 13,000 Kronor

A 50-year-old SAS captain has more than 32,000 kronor in monthly salary. To this are added per diem allowances for all flights outside his home town, at the same time as some basic expenses are then paid by SAS.

A 50-year-old colonel and wing chief in the Air Force earns a total of about 18,900 kronor, including flight pay of 4,000 kronor a month. The salary difference is at least 13,000 kronor a month or 156,000 kronor a year.

"For a good flight officer the choice is not very difficult," says J-H Torselius. "Now the government authorities have to step in and raise the pay and see to it that the commercial aviation school in Ljungbyhed is utilized."

The Swedish Pilots' Association has no opinions about SAS recruiting new personnel from the Air Force.

"We cannot prevent people from changing to jobs that are attractive at the moment. SAS must determine the appropriateness and the reason why the recruitment need has not been so great up to now," says Anders Broberg of the Pilots' Association.

"On the part of the pilots we are naturally happy that the SAS leadership quickly realized the serious situation and announced the need for 47 new pilots over the next year."

SAS does not openly admit that previous recruitment needs have been underestimated, but at the same time it deplores the difficult position in which the Air Force will now find itself.

## SAS Denies Raiding Pilots

Stockholm SVENSKA DAGBLADET in Swedish 26 Sep 84 p 10

[Article by Erik Liden: "SAS Denies Giving Priority to Air Force Pilots"]

[Text] SAS denies that the company is giving priority to pilots in the Swedish Air Force. On the contrary, SAS wants to concentrate on reserve officers and pilots from other airlines who have completed their education, as well as new graduates of the commercial aviation school at Ljungbyhed.

"On the other hand, we cannot prohibit Air Force officers from seeking work with us," says SAS personnel director Ulf Cederwall. "It must be the Air Force's problem to obtain competitive pay for their pilots and to persuade them to stay in the officer's corps. It is impossible for SAS to take officers' pay into account when negotiating with SAS pilots about their monthly salaries and other compensations."

Ulf Cederwall also maintains that of the 46 pilots now being recruited up to 1 September 1985, 16 have already been selected. Eight of these 16 are reserve officers in the Swedish Air Force, while eight are or have been officers in the Norwegian Air Force.

"Of the 30 who remain to be recruited this fall for employment in 1985, 18 are to be recruited in Sweden and 12 in Norway. In today's situation Denmark has too many pilots employed, 14, while Sweden lacks nine and Norway five. This is the reason why no new recruitment is taking place in Denmark."

The waiting list for employment with SAS now includes 2-3 reserve officers, five former Transair pilots, who are now flying in the Middle East, and 40 new applicants who have been selected for additional testing. Twenty are Air Force officers and 20 are civilians from LIN, Swedair and other smaller airlines.

"I can understand the airlines, but I still maintain that it is an unreasonable situation if the airlines are allowed to determine the strength of the Swedish defense by raiding our most qualified pilots," says Air Force Chief Lt Gen Sven-Olof Olson to SVENSKA DAGBLADET.

In its letter to the State Employment Office the Air Force reports on the differences in salary for SAS pilots and Air Force officers of the age groups 20 to 50 years.

SAS anticipates that its recruitment need for 1985 is 30 pilots.



## Air Force Pilots Complain

Stockholm DAGENS NYHETER in Swedish 4 Oct 84 p 3

[Article by Osmo Vatanen: "Air Force Salaries Too Low; Fighter Pilots on the War Path"]

[Text] Sweden's 350 fighter pilots are on the war path in order to get pay that corresponds reasonably well with that of civilian pilots. This was what the Air Force command learned during an inspection of F 15 in Soderhamn on Wednesday. Angry fighter pilots put the generals up against the wall and demanded better pay.

To be sure, there is no conflict of interest between the Air Force command and the pilots. The pilots have the complete support of the command. The Air Force risks being harmed if too many pilots disappear to SAS, Linjeflyg and civilian companies with grand salaries.

"The confidence of the rest of the world in our ability to maintain our airspace could be seriously weakened if the attrition continues at the rate indicated by the prognoses, that is to say 30-35 pilots per year," says the Chief of the Air Staff, Major-General Bengt Lonnborn, who talked with the Soderhamn pilots throughout all of Wednesday.

The demand for Air Force pilots has increased strongly this year. There was a lull for a few years after a peak during 1977-79, when 102 pilots left the military. But SAS is now buying new aircraft, one generation of pilots is in the process of leaving the company and other companies are also expanding. In addition, there are the salaries.

"A squadron commander makes about 13,000 kronor a month, including extra allowances, an SAS pilot of the corresponding age between 20,000 and 22,000. A fighter pilot earns 10,000-11,000 kronor and an SAS pilot 14,000, but he has a final salary of about 37,000 kronor," says Anders Eisen, flight commander at F 15 in Soderhamn.

### Just Below

"We have a number of benefits in the Air Force, but we want to come in just below the civilian pilots' pay. An increase of 10,000 kronor a month would cost 45 million kronor a year. But can we afford not to? It costs 38 million kronor to train a pilot, and we have spent 45 billion kronor on the Viggen system, which is not yet fully manned."

According to Eisen, about a dozen pilots out of the approximately 30 at F 15 have studied for a commercial license or have started to. About half are flight instructors.

"They take a leave of absence and invest their own time and their own money. If this continues we could suddenly stand there without flight instructors for Viggen, and then the preparedness could be seriously threatened."

The pilots are now being offered a million kronor in extra pay (about 1,700 kronor a month for squadron commanders, less for pilots) in a plan which has already been under consideration for several years by the National Collective Bargaining Office.

#### First Step

"But that equalization is only a first step," Lonnbon says. "The pilots' demands are reasonable, the differences indecent."

Another disadvantageous factor for the Air Force pilots is that they must cease flying fighters when they turn 40, at the latest. The demands are too strict; no one can take it any longer. If you are an officer you get a desk job, with a little flying as consolation.

The others get to fly helicopters or transport aircraft, if there is room. But recently there have been a lot of people because of all the closings.

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## SOCIALIST NEWSPAPER CRITICIZES SCHLUTER'S ECONOMIC PROGRAM

Copenhagen AKTUELT in Danish 4 Oct 84 p 8

[Editorial: "Will It Hold?"]

[Text] The prime minister has neither released optimism nor enthusiasm with his opening address of the new session of the Folketing delivered by the Queen. On the contrary. There is such great skepticism abroad that even the government's faithful supporter, BERLINGSKE TIDENDE, is concerned over the ability of the government and, fearfully, wonders: "Will it have sufficient strength?" Hopefully not. The government wants to carry through a "liberal policy," involving limitations of the "guardianship toward the individual human being and providing the citizens with greater opportunities for choosing themselves and taking the responsibility for their choices." One of the next steps on this road will be an increase in the contributions of members to the unemployment fund and the opportunity to take out private insurances both for daily unemployment benefits and pensions. The definition "opportunity" is that of the government, but the harsh truth is that the person who can afford it will be given the opportunity to protect himself, whereas the weakest in the society will become even worse off, for now every man will have to be the architect of his own fortune.

That is "liberal politics" and, here, the question emerges whether the government will have the strength to carry through that line. It is, indeed, well on its way to doing so. Actually, the extent to which it has been allowed to proceed in carrying through that line is both shocking and impressive. On the other hand, the majority will now have to realize what is going on. The Social Democratic Party will also have to realize that right now it is not a question of heated debates and security policy actions--however important the security policy may be--but a question of the daily possibilities, existence and opportunities of the ordinary Dane. The prime minister did not make many specific statements in his opening address, delivered by the Queen. But he said enough.

7262

CSO: 3613/13

## BRIEFS

EC AID PROJECTS DETAILED--In conjunction with the second distribution this year from the EC Regional Fund, a total of 69 projects have just received EC aid, in the total amount of 65.35 million kroner. The major part of the aid for Greenland projects, 27.4 million kroner, has been granted for the expansion of the Greenland Telephone, Radio, and Telecommunications System. In addition, the project involving modernization of hotel and passenger lounge facilities at the airport at Narssarssuak has received a grant of 3.3 million kroner. The remainder of 34.7 million kroner has been given to a large number of water, road, sewerage, district heating, port, and power supply projects. Since the establishment of the EC Regional Fund in 1975, a total of 923.3 million kroner in aid has been granted for projects within the Kingdom of Denmark, 751.7 million kroner of which for projects in Greenland. [Text] [Godthaab GRØNLANDSPOSTEN in Danish 26 Sep 84 p 49] 7262

CSO: 3613/13

## PAPER COMMENTS ON GOVERNMENT'S BUDGET BILL

Helsinki HUFVUDSTADSBLADET in Swedish 19 Sep 84 p 2

[Editorial by Jan-Magnus Jansson: "Ahti Pekkala's Model Budget"]

[Text] The budget proposal is a balanced document that inspires confidence, but it is free from surprises or any news other than what the government, in other connections, has already agreed to, writes Jan Magnus Jansson.

Ahti Pekkala's sixth budget is, if possible, even more of a Pekkala budget than any of the previous ones. Correct, inspiring confidence, not very innovative, but hard to attack if you accept the basic philosophy of the budget. In this connection, it is misleading to use the time-honored words, routine budget, since the budget construction in the last couple of years has been well thought out and polished in its every detail. From the standpoint of a commentator, Ahti Pekkala's sixth is not a worthwhile subject, because it does not contain any real news, apart from such items--and they are certainly fairly important--that have already been agreed upon with the government during the political season. Rent legislation, for instance, belongs in this category, it shows up in the taxes as increased deductions, as well as the daycare compromise and the new design of the unemployment compensation that shows up on the debit side of the social budget.

Naturally, the budget proposal has certain general economic objectives, previously known, but still worth mentioning. The objectives are expressed by the traditional figures concerning growth, inflation, unemployment, balance of payments, etc, around which social-economic questions have been buzzing for years. The success in the fight against inflation is certainly remarkable. A decline from 12 percent per year to 6 percent from 1981 to 1984 is an imposing achievement. Without doubt, we have to thank the government and not least the Prime Minister for this development. Not only relatively moderate wage agreements have been useful: at least as remarkable is the fact that prices, nowadays relatively free from restrictions but which in the end decide the rate of inflation, have been kept within bounds.

Since the government thinks that it has a good possibility of keeping to the year's objective of a 6-percent inflation rate--an objective, the realism of which is doubted by many--we may view with increased respect the effort to reduce the rate of inflation to the internationally accepted 5 percent next year. To further this there are hopes for a continued growth in the export



to the West and a revival of the export to the East, which will give a reading of a GNP-growth of 4 percent and a slight reduction in the unemployment to 5.2 percent.

That's how it is in the best of all worlds. With the current static budget policy, one has to assume that the budget's own influence on the general economic situation will be fairly neutral. Certain measures, such as the increase in the charge on employers and the postponement of transferring part of the state allowance to the communities, are motivated by the budget makers as a means of slowing the boom, but one has to suppose that their main purpose still is fiscal.

As it has been during many previous years, the main topic of interest is how the government will balance the budget. On the credit side you will find several of the classic means, the inexhaustible sources that increased excise taxes and tariffs seem to provide. The increase in the employer's Social Security contributions by 0.5 percent that was enacted in the second supplementary budget of 1984 as a temporary measure, now has been proposed to be extended to the end of November 1985.

Furthermore, the fact that the adjustment for inflation of direct taxation is calculated according to the low number of 5 percent--that is the government's inflation rate objective--contributes to keeping the state coffers in good health.

Finally, the taxes, regardless of tax basis, give a noticeably increased yield during a good year, 8 billion more than last year or a growth of 13 percent.

One of the keys to the budget is the increased burdens that, in certain cases, are placed mainly on the communities, but also on individuals. On the part of the communities, the state is tightening the belt by postponing the disbursement, for 1984, of certain state allowances and continuing all the way to 1986 and 1987. Legislation is necessary for such a measure, and thereby the government, with its small majority, becomes dependent on the fact that part of the opposition supports it and refrains from using the right to let the law rest.

There is then a decidedly increased pressure towards higher taxes--a pressure that has long been predicted and that the government, it must be said, long has opposed. The government promised in its 1983 program, perhaps imprudently, to allow the burden of taxation to increase with, at the most, one percentage unit until 1986. There has been discussion about whether the government's promise really has been kept. Parts of that program are again quoted in the budget proposal. Indirectly the government admits that the gross taxation has increased more than planned, but it defends itself by saying that the increases in the Social Security taxes are temporary and that the expenses for the reform of the unemployment compensation should not be included here. It is not unwarranted to speak of pious fiddling.

The detail of the financing plan that is the most apparent, is the fact that the government wants to reduce the growth of the state's deficit. Therefore

it is calculated that the total deficit also will decrease next year and become 13.2 percent of the GNP.

This is a tendency that is laudable even if Finland's deficit, as such, is not alarming. The impression is strengthened, when you note that the amortizations and interests on the deficit are some of the items in the budget that are increasing the most, 20 percent compared with 1984. The balance of trade, which of course, concerns the foreign debt of all of us, not just the government, also remains negative because of the indebtedness, even though the income from exports is rising towards the skies.

On the debit side there are no really big surprises. The Social and Health Ministry this year are definitely the most interesting because of the day-care, the unemployment compensation and the continued reform of Social Security. On the other hand there are also cases within the social sector, where the individual's position, as regards social advantages, will be worsened.

The housing subsidies, among the traditionally disputed appropriations and the largest single unit in the budget, have now stopped increasing. A sign of the times is the fact that basic appropriations are instead emphasized more than before. The support for research--on the heels of the cabinet decision regarding the so-called technology policy--is growing primarily within the field of commerce and industry, where the increase is 14 percent, considerably more than the budget's average.

The most debated appropriation of the budget, Third World assistance, nowadays reaches the billion mark. The great change in opinion at the end of the 1970's has guaranteed enough political power to force that appropriation upward and it is now 0.4 percent of the GNP. The government also promises "within the parameters of the economic possibilities" to reach the stated goal of 0.7 percent within this decade, that is during four fiscal years. If they really are striving to fulfill this promise, it will probably demand an exceptional effort.

The budget makers' hands are tied by prevailing laws, long-term development plans and well-entrenched interests. Therefore, it is a most positive sign that a real, and for most people desired, reform such as the agreement on daycare, has been carried through within the existing parameters. But this and other, earlier reform decisions tie up the major part of the increased revenues. If the political climate is not changed, it is not probable that the budget will be used in any kind of new and unexpected direction during the next couple of years.

12339

CSO: 3650/6

## OIL INCOME ALLOWING PROJECTED SURPLUS IN 1985 BUDGET

Oslo AFTENPOSTEN in Norwegian 6 Oct 84 p 5

[Article by Bjorn H. Tretvoll: "1984 Budget: Deficit Becomes Record Surplus"]

[Text] The national budget for 1984 was presented 12 months ago with a deficit of 1.1 billion kroner. Now it has become a record large surplus of 17 billion kroner. This rather dramatic development illustrates that the real world can often be very different than indicated by the estimates of the authorities. Will the budget for 1985 go through the same dramatic change?

The 1984 budget utilized all state oil income, but nevertheless ended up with a deficit of 1.1 billion kroner. The estimates of national oil income, however, proved to be too low. The strong upward adjustment of tax and fee income from oil activity is the main explanation for the development that the 1984 budget has undergone.

The development also represents an important factor of uncertainty for 1985. In the present budget, which shows a deficit of 7.4 billion kroner, total oil income is calculated at 32.2 billion kroner, while the last estimate for 1984 is now 38.5 billion kroner. In a newly published perspective analysis, Statoil has estimated the annual oil income of the state at approximately 40 billion kroner in the next few years.

But it is not only the estimates for oil taxes which are changed in the budget when the final accounting is known. Debates in the Storting often lead to changes, and throughout the budget year it is necessary to make additional appropriations.

The 1984 budget came over to the surplus side with the final balance in December last year. The surplus was then estimated at 3.5 billion kroner, mainly because the total income to the state from the oil sector was increased from 24 billion in the original budget to 28.4 billion kroner.

The budget debate last year, however, led only to totally insignificant changes in total expenses, despite the fact that there were a number of

changes on individual items. During the budget year it has been necessary, however, to make a number of additional appropriations which have come up to 3.2 billion kroner net.

#### High Dollar Exchange

The strong increase in oil income is due both to production being greater than expected, and the exchange rate of the American dollar having increased to new record heights. While the authorities now estimate the year's production of gas and oil at nearly 60 million tons of oil equivalent, the estimate in the original budget was about 52 million tons of oil equivalent. Besides an average dollar rate of 7.25 kroner was expected, while now the average rate is 8 kroner per dollar.

Another important factor in the picture is the adjustment downward of the prognosis for oil income which was previously made. In the budget proposal of 1984 there was a safety margin included of 15 percent in the estimates of oil income. That means that the published estimate of 24 billion kroner corresponded to an estimate of at least 28 billion kroner if one disregards the adjustment downward.

Now the Ministry of Finance has departed from the previous practice of such safety margins. Now they are trying to present estimates which are the best possible according to the known conditions of what the oil income is expected to be.

There has been some skepticism expressed about the estimates of the total oil and gas production for 1985 which the Ministry of Oil and Energy has presented. These show a reduction from about 60 million tons of oil equivalent this year to about 57.5 million tons of oil equivalent next year. Production from the Ekofisk fields will go down next year, and the Norwegian share of production from Murchison which has been extremely large this year will be reduced. At the same time the Statfjord C platform is expected to come into production earlier than estimated, but it is unclear whether this will contribute to the total production holding at the 1984 level. Extra oil production for 1985 of 2.5 million tons corresponds at today's prices to an extra state oil income of about 3.7 billion kroner.

But the uncertainties in oil income can also cut the other way. Both the price development for oil on the world market and the further development of the dollar rate can be such that the oil income will be less than expected. The authorities expect that the current price of North Sea oil of 30 dollars per barrel will hold through 1985. The average dollar rate is estimated at 8 kroner. If the dollar rate declines by 10 percent, the oil income is reduced by 4.5 billion kroner.

Also in 1985 one must expect changes in the budget during the debate in the Storting, and also with additional appropriations during the year. For ex-

ample, it already looks like the budgeted income of 300 million kroner from the new Lotto game may not materialize. A more favorable development on the labor market through the next year will on the other hand make it possible to reduce the extraordinary employment expenses somewhat.

The national budget is comprised of thousands of individual items. Changes in the balance are therefore the result of all the changes which take place in all of these items. It is primarily the income items which are difficult to estimate. These can, for example, be strongly influenced if the actual development of inflation varies from that which was predicted. This also means that the estimate of surplus for 1985 must be seen as uncertain. But the changes which have taken place with the 1984 budget are unusually large, and it is unlikely that there will be a corresponding result next year.

The strong upward adjustment of oil income has also had its result in Norwegian overseas commerce. When the 1984 budget was presented the government expected a surplus of operating expenses abroad at a very modest 600 million kroner. Now it looks as though that surplus will also be record large, and will amount to 27.5 billion kroner. That contributes to increased currency reserves in the Bank of Norway, and greater income for the bank. That means that only three billion of this income will be turned over to the state. But if the reserves continue to grow, it will enable greater transfers to the national treasury. In the original budget bill for 1984 the transfers from the Bank of Norway of three billion kroner were not included.

9287

CSO: 3639/11



## DECLINING SHIPBUILDING INDUSTRY FEARS VETO OF SOVIET ORDERS

Oslo AFTENPOSTEN in Norwegian 8 Oct 84 p 26

[Article by Else Brudevold: "Norwegian Shipyards Want to Build for the Russians"]

[Text] Considerations of Norwegian security could prevent Norwegian shipyards from taking orders from the Russians, and this at a time when the industry is threatened by continued furloughs and layoffs. The issue is now being discussed at the highest level in the Norwegian ministries concerned, following the visit of a Norwegian trade delegation to Moscow in June of this year.

Shipyards and offshore yards have taken up the issue a number of times with Norwegian authorities, but it is still being shelved. The reason why it has come up again is not only because of the increasing furloughs and lack of orders for Norwegian shipyards. An equally interesting aspect is the Russians' growing oil activity in the Barents Sea, which creates an active requirement for repairs and overhauls. There is talk of oil rigs, drilling ships and supply boats which require rapid, first class expertise. Norway has this expertise. In addition there is the ideal geographic location--this applies mostly to the yards in north Norway. The Russian fishing fleet and merchant fleet could also mean significant employment for the yards.

Administrative director Per Mauritz Hanssen at Kaarbos Mekaniske Verksteder A/S said that the issue has been taken up a number of times by the Troms Industrial Association.

"We would now like to have a clarification from Norwegian authorities so that we can eventually sell our services to the Russians. Obviously we understand Norwegian defense interests, but we should be able to discuss the issue. Norwegian authorities have of course also given us some hope as to orders for the oil industry in the Barents Sea."

Director per Mauritz Hanssen said further that there is now a blue light [will o' the wisp] for the Norwegian shipbuilding industry because of a continuing shortage of orders. Nationally the industry now employs 15,000 men, but the

number is steadily declining. There are 500 men working at Kaarbos Mekaniske Verksteder in Harstad, but the work is slack at the moment. Perhaps there will be a couple of new constructions this fall; if not the situation will get even worse. A good expanded repair service along the entire Norwegian coast is very important for the country, and would also be very good for national defense. There have sporadically been some repairs of Russian ships, and these have been requested through the authorities in the usual way. But now there is talk of a larger piece of the market, and there must be a good marketing effort to get it.

"Is it only north Norway's yards which are in the picture for orders from the Russians?"

"Absolutely not, but it is especially important for us up here."

9287

CSO: 3639/11

## PROVISIONS, PERSPECTIVE ON FOREIGN CAPITAL PROMOTION BILL

## Capital Promotion Bill Outlined

Istanbul DUNYA in Turkish 2 Oct 84 pp 1,7

[Text] Ankara--Work has been completed on the "Draft Bill to Promote Foreign Capital" which was prepared by the State Planning Organization and submitted to the Office of the Prime Minister. The bill is expected to be submitted to the Grand National Assembly in the coming days.

The bill provides for new incentives and easements on issues such as investment areas, personnel hiring and transfer of profits, capital and shares for firms with foreign capital participation. The bill also stipulates that the "government guarantee" the foreign debts of firms with foreign capital partnership for up to 25 billion Turkish liras.

According to the bill, a "Foreign Capital Chairmanship" will be set up, and this body will be empowered to grant special rights for investments made in Turkey by the Islamic Development Bank, Middle Eastern Countries and Turkish workers abroad. The chairmanship will also have the authority to waive certain restrictions envisaged by the bill.

The Foreign Capital Chairmanship to be established by the bill will process foreign capital investment applications and will be in charge of all procedures related to the promotion, registration, auditing and supervision of foreign capital as well as the ratification of foreign credit, licensing and technical assistance agreements.

The Foreign Capital Chairmanship will be able to authorize foreign investments of up to \$50 million. The Council of Ministers will have to authorize larger investments. However, the chairmanship will conduct the preliminary studies for proposals requiring the approval of the Council of Ministers. On the other hand, the Council of Ministers may turn over its authority in this area to the chairmanship by a decree. The chairmanship will be in charge of all procedures and formalities related to foreign capital.

According to the bill, banks will pay foreign investors their share of profit in an enterprise, their share of revenues if and when the enterprise is liquidated or sold as well as the principal and the interest for foreign creditors on the basis of the prevailing foreign currency exchange rate and within 90 days from the time such payment is requested.

The Foreign Capital Chairmanship will have the authority to control the transactions of such enterprises. However, it will not be able to delay or halt such transfers during the auditing of accounting books and tax filings. In the event the chairmanship finds any irregularities, the firm in question will sign an affidavit pledging that it will pay any differences, and the transfer will proceed normally.

According to the bill, firms set up in accordance with this law will be considered full "Turkish enterprises" no matter what share foreign investors hold in the firms. These firms will be subject to the same commercial, juridicial, financial and administrative laws and regulations that apply to Turkish enterprises and will not be subject to different procedures and restrictions.

#### Debts to be Guaranteed

The government may, with the approval of the Council of Ministers, guarantee the foreign debts of firms with foreign capital partnership. Accordingly, the Undersecretariat of the Treasury and Foreign Trade will be able to guarantee the repayment of principal and interest on foreign debts of up to 25 billion Turkish liras.

#### Preferential Investments

The Foreign Capital Chairmanship will be able to waive certain restrictions envisaged by the law and grant special rights in the case of certain foreign capital investments.

The chairmanship will be able to waive restrictions in the law and grant special rights in the case of export-oriented investments by the International Housing Fund and the Islamic Development Bank and citizens and organizations of Middle Eastern countries such as Saudi Arabia, Libya, Iraq, Iran, Kuwait, United Arab Emirates, Bahrain and Qatar; investments in which Turkish workers abroad participate with at least 25 percent of the capital; investments for touristic installations with at least 200 beds; and investments for enterprises whose production will be at least 50-percent export-oriented.

The bill also envisages the establishment of a "Foreign Capital Fund" and using this fund to pay for development, evaluation and research work in connection with foreign-investment-oriented projects.

#### Economic, Eastern Growth Incentive

Istanbul TERCUMAN in Turkish 2 Oct 84 p 5

["Through the Events" column by Yilmaz Karakoyunlu: "New Economic Institutions"]

[Text] Most of the legislation that went into effect after the Ozal government took office focused on issues related to "economic law" and brought into existence a large number of new institutions. It is now seen that intensive work and preparations are under way to expand these "institutional rearrangements," which Ozal first spoke of during a pre-election television

debate and which he included in his government program. The new institutions that are being planned are largely organized to deal with capital markets and monetary, credit and investment issues.

According to Prime Minister Ozal's latest statements, "foreign capital" will flow into Turkey in full force and with great desire. However, foreign capital needs the institutions it knows, desires and is used to in order to operate with the desired effectiveness. So far, foreign capital has preferred to invest primarily in the service sector of the Turkish economy. Foreign investment proposals aimed at the finance sector in the last 8 months are an indication of this trend. However, the desired level has not been attained in this area. It is this area that the Ozal government is emphasizing in its new institutional arrangements. Such a move will also pave the way for the organization that is necessary for the fulfillment of certain promises. Foreign capital as well as foreign experience are essential for building a broad, effective, strong and functional substructure for Turkish financing institutions. The first task is to lure major Western banking institutions into the capital market. In order to achieve the desired effectiveness it is necessary to evaluate these institutions outside the existing capital market bureaucracy. The sale of bridges, dams and other infrastructure installations to the public or to foreigners in exchange for foreign currency can be implemented through these institutions. Ozal believes that as long as an effective capital market is not established the successes of the banking sector will remain limited relative to what is desired.

Another noteworthy feature of Ozal's institutions planned to go into effect in 1985 is the introduction of new and permanent financial instruments which will support the tight money policy. The 1985 budget and the first phase of the plan are being prepared within this framework. The goal here is to justify the combat against inflation in a system where the tax burden is distributed more equitably.

The third institutional arrangement concerns the introduction of new securities exchanges. Although the opening of the securities exchange market has been so much delayed, the establishment of new exchanges is seen as one of the targets of the 1985 program. It is planned to set up a gold and precious gems exchange as well as foreign currency trading center and thus to give the economy an effective financial structure with a range of instruments.

The plans also include new institutions which will encourage foreign capital investments and which will channel local capital to investments in Eastern Anatolia. Ozal is confident that his investment goals can be attained by selling the government's share in the investments in the East when those investments--which will be partly financed with public partnership funds--begin returning profits. To this end, he is trying to have his draft bill to promote foreign capital passed through the Assembly as soon as possible and to phase in the mechanisms that will boost the flow of local capital to the East.

Institutions and instruments play a major and important role in the attainment of economic goals. Institutions such as these are essential for the planned goals, but a long time is needed before the system is on track and becomes effective.

9588

CSO: 3554/6



## CHAMBERS PRESIDENT YAZAR ON ECONOMIC POLICY FINE TUNING

Istanbul CUMHURIYET in Turkish 2 Oct 84 pp 1,8

[Text] Ankara---Turkish Union of Industry and Commerce Chambers [TUC] President Mehmet Yazar evaluated the 13 principles he proposed to the government during a speech in Giresun last week and said: "Did we propose anything outside the system set up on 24 January [1980]? No, we did not." Stating that there have been no deviations in underlying philosophy and principles, Yazar said: "We are proposing new approaches for the welfare of the free market principles which were spelled out on 24 January and which we believe in."

During a conversation with journalists in connection with his speech at the Black Sea regional meeting in Giresun, Yazar said that his speeches have always remained within the bounds of economic issues. In response to a question on whether the 13 principles proposed by the TUC to the government constitute an alternative policy, Yazar said:

"Did we propose anything outside the system set up on 24 January? No, we did not. We have not deviated from the 24 January decisions in underlying philosophy and principles. What we want is that the economic instruments and measures that are being used to attain these goals be reinforced with new measures in accordance with developing conditions."

Explaining that his proposal on interest rates did not favor higher or lower interest rates but realistic interest rates, Yazar said:

"One may ask: Is not the current interest rate a realistic rate? An interest rate which is competing in escalation with the inflation rate is an interest rate that has been raised more than necessary as a result of certain false predictions. Paying interest above the inflation rate is correct. But that does not work in practice. Because that assumes that there are no inflationary expectations. If you set an inflation target, you must treat it seriously. For example, if you target an inflation rate of 25 percent at the beginning of the year---officially, unofficially, implicitly, in accordance with a program or on whatever basis---you must achieve appropriate successes in order to maintain the public's confidence. Now, if you set the interest rate on bank deposits at 20 to 22 points above the inflation rate you have targeted, you cannot inspire confidence that you can attain your inflation target. When the depositor sees such a large differential, he starts doubting whether the 25-percent target can be attained, and such doubts are reflected in the economy."

## Bread Rather than Color Televisions

Stating that savers have reached the limit of their saving capacity, Yazar said: "The erosion caused by inflation in purchasing power drove the saver to spend his money on everyday necessities in order to make a living. Rather than buying color televisions, the consumer started buying bread."

Reiterating that the TUC favors a boost in supply, Yazar said: "Boosting supply is possible without introducing resource shortages. One of those resources is the revocation of some of the exemptions and rights granted to export financing firms. This resource amounted to 210 billion Turkish liras in 1984."

### 'We Are Proposing New Approaches'

Recalling Prime Minister Turgut Ozal's statement to the effect that Turkey has a foreign exchange reserve of \$2.2 billion, Yazar said: "That is not a trivial sum. In a developing country, foreign currency is supposed to be in short supply. If there is plenty of foreign currency, then there is something wrong with investments. Investments are essential to prevent a bottleneck in exports." In response to another question, Yazar said:

"We are proposing new approaches for the welfare of the free market principles which were spelled out on 24 January and which we believe in. Questions are often asked as to whether there are problems with this system. In order to dispel such doubts it is necessary to correct the mistakes in implementation, to spell out the revisions that should have been made in the measures a long time ago and thus make the system function soundly by its own rules. Furthermore, the world economy is entering an expansion phase. It is essential to take advantage of that situation. Our speeches have always remained within the bounds of economic issues. Frankly, I do not understand how they can be harsh or soft. We made concrete proposals with an eye to boosting supply. What is important is the distribution of shortages in the society and not the magnitude of the shortages. We must also look at the distribution of shortages in our sector. It is seen that smaller firms take a bigger share of the shortages. That is why Anatolia's voice is heard more often."

TUC Secretary General Orhan Morgil, who listened to Yazar's responses during the conversation, said: "As an academician, let me add that in democratic countries shortages lead to democratic changes and transformations."

9588

CSO: 3554/8

## CHAMBERS, EMPLOYERS ON INFLATION, ECONOMIC INDICATORS

## Chambers Union Issues Economic Report

Istanbul CUMHURİYET in Turkish 2 Oct 84 p 9

[Text] Ankara--A general economic report prepared by the Turkish Union of Chambers [TUC] states: "The inflation rate for 1984 is expected to exceed 40 percent even if price increases slow down before the end of the year."

The report offers the following conclusions in its segment on the general economic situation:

--In 1984, the gross national product is expected to grow by 52.0 percent in current terms and by 5.6 percent in real terms. According to this forecast, the growth rate for 1984 will exceed the 5.0-percent real growth rate envisaged by the 1984 government program.

--It appears that the primary driving force behind the rising growth rate is the positive production increase in the industrial sector.

--The agricultural sector is also expected to exceed the 3.5-percent growth rate envisaged for 1984 by the program. It is estimated that the growth rate in the agricultural sector in 1984 will be around 4.1 percent in real terms.

The report adds that, in contrast to these developments, the construction sector, as in the past, will not attain adequate growth levels. According to the report, the growth rate in this sector will be around 0.4 percent.

The TUC report says the following about other economic indicators:

--In the first half of 1984, Turkish exports rose by 31.1 percent compared to the same period last year. This increase is much higher than the 9.6-percent export growth targeted by the government program.

--During the same period, imports rose by 12.6 percent. This figure is also higher than the 44-percent growth rate envisaged by the program [as published].

--In the first 7 months of 1983 exports covered 59.6 percent of imports. This figure rose to 69.3 percent during the same period in 1984. According to these figures, in the January-July period of 1984, the foreign trade deficit fell to \$1.7549 billion from \$2.0542 billion in the same period of 1983.



The report notes: "Foreign currency remittances by workers abroad for the first 5 months of 1983 were 17.1 percent lower than those for the same period of 1984." With regard to increases in wholesale prices, the report says:

"In the first 8 months of 1983, wholesale prices rose by 26.6 percent compared to the same period in 1982. In the first 8 months of 1984, this figure stood at 50.7 percent. This indicates that price increases reached considerably high levels in 1984. The inflation rate for 1984 is expected to exceed 40 percent even if price increases slow down before the end of the year."

Meanwhile, the TUC stated that the introduction of a value-added tax system has become mandatory for Turkey. In a statement, the TUC insisted that "the value-added tax system has several advantages over the expenditures tax system." The TUC statement says:

"In order to make a successful transition to the value-added tax system it is important that the year the transition will be made be a time when the economy has been stabilized and inflation has been reduced to a reasonable level."

#### Businessmen Air Views on Causes of Inflation

Istanbul CUMHURİYET in Turkish 2 Oct 84 p 9

[Text] Istanbul--Businessmen unanimously agree that the government will not be able to attain the 25-percent inflation rate it promised for 1984 when it took office. The businessmen predict that the inflation rate will be above 40 percent for the year.

Attributing the rise in inflation to the budget deficit, the printing of unbacked money, a currency dependent on overseas developments and price increases by State Economic Enterprises, Istanbul Chamber of Commerce Executive Council President Nuh Kusculu said:

"The budget deficits are being paid by printing money without backing. This, in turn, boosts inflation. Treasury bonds are aimed at curbing the printing of money. If the government had not issued bonds, it would have to pay the producers by printing money, and that would increase the inflation rate.

"The government had promised to reduce the inflation rate to 25 percent this year. But, as is seen from the state of the budget, the actual figure will be higher than that. If the inflation rate remains as low as it was in August, the rate for the entire year will be about 40 to 45 percent. I believe that correct policies can alleviate the shortages to which the citizens have been subjected."

Kutlutas Executive Council President Nurettin Kocak said that the government must reduce the money supply by resorting to tough means and must cut the inflation rate to 30 percent by the end of the year. He added:

"When the government raises interest rates, financing costs and hence inflation rates increase. This cycle continues in a vicious circle. Somewhere this vicious circle must be broken. In order to reduce the money supply, the government has issued treasury bonds bearing high interest rates. But as interest rates rise, the inflation rate also rises. Reducing the inflation rate cannot be contemplated without scaling back interest rates."

Alarko Executive Council President Uzeyir Garih said that the increase in the inflation rate can be attributed as much to the imbalance between supply and demand as to the fact that, as a result of the Central Bank's requirement that foreign currency brought into the country through exports or other means cannot be converted into Turkish currency, money is not returned to the market over the short run. He added:

"There are two major ways to curb inflation. One of them is to boost production, and the other is to implement a tight-money policy. The proper steps are being taken to reduce inflation. In my opinion and according to indexes compiled by the Chamber of Commerce, the inflation rate will be around 45 percent by the end of the year."

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